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

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

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

New Issue — April 13, 2016

TRANSCANADA CORPORATION

$500,000,000

20,000,000 Cumulative Redeemable Minimum Rate Reset First Preferred Shares, Series 13

TransCanada Corporation (the "Corporation" or "TransCanada") is hereby qualifying the distribution (the "Offering") of 20,000,000 cumulative redeemable minimum rate reset first preferred shares, Series 13 ("Series 13 Shares") of the Corporation at a price of $25.00 per Series 13 Share. See "Details of the Offering" and "Plan of Distribution".

The holders of Series 13 Shares will be entitled to receive, as and when declared by the board of directors of the Corporation out of moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends for the initial period (the "Initial Fixed Rate Period") from and including the date of issue of the Series 13 Shares to but excluding May 31, 2021, at an annual rate of $1.375 per share, payable quarterly on the last business day of February, May, August and November in each year. Assuming an issue date of April 20, 2016, the first dividend, if declared, will be payable May 31, 2016, in the amount of $0.1540 per share.

For each five-year period after the Initial Fixed Rate Period (each a "Subsequent Fixed Rate Period", as defined herein), the holders of Series 13 Shares shall be entitled to receive, as and when declared by the board of directors of the Corporation, fixed cumulative preferential cash dividends, payable quarterly on the last business day of February, May, August and November in each year, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate (as defined herein) for such Subsequent Fixed Rate Period by $25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by the Corporation on the Fixed Rate Calculation Date (as defined herein) and will be equal to the sum of the Government of Canada Yield (as defined herein) on the Fixed Rate Calculation Date plus a spread of 4.69%, provided that, in any event, such rate shall not be less than 5.50%. This spread will apply to both the Series 13 Shares and the Series 14 Shares (as defined herein) described below, and will remain unchanged over the life of the Series 13 Shares and the Series 14 Shares. See "Details of the Offering".

The Series 13 Shares shall not be redeemable prior to May 31, 2021. On May 31, 2021, and on the last business day of May in every fifth year thereafter, the Corporation may, at its option, upon not less than 30 days and not more than 60 days prior written notice, redeem for cash all or any part of the outstanding Series 13 Shares by the payment of $25.00 per Series 13 Share plus all accrued and unpaid dividends. See "Details of the Offering".

Option to Convert into Series 14 Shares

The holders of the Series 13 Shares will have the right to convert all or any of their shares into cumulative redeemable first preferred shares, Series 14 of the Corporation (the "Series 14 Shares"), subject to certain conditions, on May 31, 2021 and on the last business day of May in every fifth year thereafter. The holders of the Series 14 Shares will be entitled to receive, as and when declared by the board of directors of the Corporation, quarterly floating rate cumulative preferential cash dividends payable on the last business day of February, May, August and November in each year (each such quarterly dividend period is referred to as a "Quarterly Floating Rate Period", as defined herein) in the amount per share determined by multiplying the Floating Quarterly Dividend Rate (as defined herein) for such Quarterly Floating Rate Period by $25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year. The Floating Quarterly Dividend Rate will be the annual rate of interest equal to the sum of the T-Bill Rate (as defined herein) on the applicable Floating Rate Calculation Date (as defined herein) plus a spread of 4.69%. See "Details of the Offering".

The Series 13 Shares and Series 14 Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 13 Shares and Series 14 Shares are identical in all material respects.

(continued on next page)

(continued from cover)

Price: $25.00 per Series 13 Share to initially yield 5.50% per annum

	Price to the Public	Underwriters' Fee(1)	Net Proceeds to the Corporation(2)
Per Series 13 Share	$25.00	$0.75	$24.25
Total	$500,000,000	$15,000,000	$485,000,000

(1) The Underwriters' fee for the Series 13 Shares is $0.25 for each share sold to certain institutions by closing of the Offering, and $0.75 per share for all other Series 13 Shares purchased by the Underwriters (as defined herein). The Underwriters' fee indicated in the table and note 3 below assumes that no Series 13 Shares are sold to such institutions.

(2) Before deducting the estimated expenses of the Offering of approximately $500,000. The expenses of the Offering and the Underwriters' fee will be paid from the general funds of the Corporation.

There is no market through which the Series 13 Shares may be sold and purchasers may not be able to resell Series 13 Shares purchased under this prospectus supplement. This may affect the pricing of the Series 13 Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series 13 Shares and the extent of issuer regulation. See "Risk Factors".

The Corporation has applied to the Toronto Stock Exchange (the "TSX") to list the Series 13 Shares and Series 14 Shares described in this prospectus supplement. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX. There can be no assurance that the Series 13 Shares and Series 14 Shares will be accepted for listing on the TSX.

It is currently anticipated that the closing date of the Offering (the "Offering Closing Date") will be on or about April 20, 2016, or such later date as the Corporation and the Underwriters may agree but in any event not later than May 2, 2016. See "Details of the Offering".

TD Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., National Bank Financial Inc. and Desjardins Securities Inc. (collectively, the "Underwriters"), as principals, conditionally offer the Series 13 Shares, subject to prior sale, if, as and when issued by the Corporation to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement (as defined herein) referred to under "Plan of Distribution", and subject to the approval of certain legal matters relating to the Offering on behalf of the Corporation by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Norton Rose Fulbright Canada LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Book entry only certificates representing the Series 13 Shares will be issued in registered form to CDS Clearing and Depository Services Inc. ("CDS") or its nominee and will be deposited with CDS on the Offering Closing Date. A purchaser of Series 13 Shares will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Series 13 Shares are purchased. See "Depository Services".

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Series 13 Shares at levels other than those which might otherwise prevail on the open market. **The Underwriters propose to offer the Series 13 Shares initially at the offering price specified above. After a reasonable effort has been made to sell all of the Series 13 Shares at the price specified, the Underwriters may reduce the selling price to investors from time to time in order to sell any of the Series 13 Shares remaining unsold. Any such reduction will not affect the proceeds received by the Corporation. See "Plan of Distribution".**

In the opinion of counsel, subject to the provisions of any particular plan, the Series 13 Shares, if issued on the date hereof, generally would be qualified investments under the *Income Tax Act* (Canada) (the "Tax Act") for certain tax-exempt trusts. See "Eligibility for Investment".

Investing in the Series 13 Shares involves certain risks. See "Risk Factors" in the accompanying prospectus and in this prospectus supplement.

Each of TD Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., National Bank Financial Inc. and Desjardins Securities Inc. is a subsidiary or an affiliate of a lender which is one of the lenders to the Corporation or its subsidiaries and to which the Corporation or its affiliates is currently indebted. Consequently, the Corporation may be considered a connected issuer of such Underwriters for the purposes of securities regulations in certain provinces of Canada. The net proceeds from this Offering may be used to reduce the Corporation's indebtedness to such lenders. See "Relationship Between the Corporation and Certain of the Underwriters" and "Use of Proceeds".

The earnings coverage ratios of the Corporation for the 12-month period ended December 31, 2015 are less than one-to-one. If adjusted to exclude the Corporation's non-cash impairment charges for Keystone XL and related projects, such earnings coverage ratios are greater than one-to-one. **See "Earnings Coverage Ratios".**

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the securities the Corporation is offering and also adds to and updates certain information contained in the prospectus and the documents incorporated by reference therein. The second part, the base shelf prospectus, gives more general information, some of which may not apply to the Series 13 Shares offered hereunder. The accompanying base shelf prospectus, dated December 23, 2015, is referred to as the "prospectus" in this prospectus supplement. Except on the cover page and under the heading "Details of the Offering" and unless the context otherwise requires, all references in this prospectus supplement to "we", "us", "our", or the "Corporation" refer to TransCanada Corporation and its subsidiaries, partnership interests and joint venture investments.

If the description of the securities varies between this prospectus supplement and the prospectus, you should rely only on the information in this prospectus supplement. You should rely only on the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference therein. We have not, and the Underwriters have not, authorized any person to provide you with different information. If any person other than us provides you with different or inconsistent information you should not rely on it. We and the Underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference therein is accurate only as of their respective dates. Our business, properties, financial condition, results of operations and prospects may have changed since those dates.

In this prospectus supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to "dollars" or "$" are to lawful currency of Canada, and references to "U.S. dollars" and "U.S.$" are to lawful currency of the U.S.

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

FORWARD-LOOKING INFORMATION

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

- anticipated business prospects;
- our financial and operational performance, including the performance of our subsidiaries;
- expectations or projections about strategies and goals for growth and expansion;
- expected cash flows and future financing options available to us;
- expected costs for planned projects, including projects under construction and in development;
- expected schedules for planned projects (including anticipated construction and completion dates);
- expected regulatory processes and outcomes;
- expected common share purchases under our normal course issuer bid;
- expected dividends;
- expected impact of regulatory outcomes;
- expected outcomes with respect to legal proceedings, including arbitration and insurance claims;
- expected capital expenditures and contractual obligations;
- expected operating and financial results;
- the expected impact of future accounting changes, commitments and contingent liabilities;
- expected industry, market and economic conditions;
- the planned Acquisition (as defined herein) including the expected closing thereof and the expected benefits thereof;
- plans regarding financing for the Acquisition;

- anticipated borrowings under the bridge term loan credit facilities to be entered into to finance a portion of the Acquisition (the "Acquisition Credit Facilities");
- repayment of the Acquisition Credit Facilities through planned divestitures;
- the effect of the Acquisition on the Corporation's current credit ratings profile;
- planned changes in the Corporation's business including the divestiture of certain assets;
- expected effect on our cash flow as a result of the termination of the PPAs (as defined herein);
- expected impacts of the Acquisition on EBITDA composition, earnings, cash flow, dividend growth and other financial metrics;
- transportation services to the liquified natural gas sector; and
- growth opportunities and modernization initiatives relating to the business of Columbia Pipeline Group Inc. ("Columbia").

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

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

- inflation rates, commodity prices and capacity prices;
- timing of financings and hedging;
- regulatory decisions and outcomes;
- foreign exchange rates;
- interest rates;
- tax rates;
- planned and unplanned outages and the use of our and Columbia's pipeline and energy assets;
- integrity and reliability of our and Columbia's pipeline and energy assets;
- access to capital markets;
- anticipated construction costs, schedules and completion dates;
- acquisitions and divestitures;
- the timing and completion of the Acquisition including receipt of regulatory approvals and approval by holders of a majority of Columbia's common stock;
- the planned monetization of the Corporation's U.S. Northeast merchant power business and of a minority interest in its Mexican natural gas pipeline business; and
- the realization of the anticipated benefits and synergies of the Acquisition to TransCanada including impacts on growth and accretion in various financial metrics.

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

- our ability to successfully implement our strategic initiatives;
- whether our strategic initiatives will yield the expected benefits;
- the operating performance of our and Columbia's pipeline and energy assets;

- amount of capacity sold and rates achieved in our and Columbia's pipeline business;
- the availability and price of energy commodities;
- the amount of capacity payments and revenues we receive from our energy business;
- regulatory decisions and outcomes;
- outcomes of legal proceedings, including arbitration and insurance claims;
- performance and credit risk of our counterparties;
- changes in market commodity prices;
- changes in the political environment;
- changes in environmental and other laws and regulations;
- competitive factors in the pipeline and energy sectors;
- construction and completion of capital projects;
- costs for labour, equipment and material;
- access to capital markets;
- interest, tax and foreign exchange rates;
- weather;
- cybersecurity;
- technological developments;
- economic conditions in North America as well as globally;
- uncertainty regarding the length of time to complete the Acquisition and uncertainty regarding the ability of TransCanada to realize the anticipated benefits of the Acquisition; and
- the timing and execution of the Corporation's planned asset sales.

The targeted cost, revenue and financing benefits disclosed under the headings "Recent Developments — Acquisition of Columbia — Acquisition Rationale" assume that following closing of the Acquisition, the Corporation will successfully achieve the planned integration of Columbia's operations with those of the Corporation, including information, accounting and control systems, that the Corporation will successfully eliminate duplication within the respective entity's existing cost structures, and that the Corporation will be able to finance identified growth and expansion opportunities available to Columbia at a lower cost of capital based on the improved credit and business profile of the combined entity. Also see "Financial Condition" in the 2015 MD&A incorporated by reference herein.

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

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

NON-GAAP FINANCIAL MEASURES

Certain information presented herein, or incorporated by reference in the prospectus, with respect to the Corporation and Columbia includes certain financial measures that do not have any standardized meaning as prescribed by U.S. GAAP and therefore may not be comparable to similar measures presented by other entities. Prospective purchasers are cautioned that these measures should not be construed as an alternative to U.S. GAAP-based audited consolidated financial statements.

We use EBITDA as an approximate measure of pre-tax operating cash flow. It measures earnings before deducting financial charges, income tax, depreciation and amortization, net income attributable to non-controlling interests and preferred share dividends, and includes income from equity investments.

Adjusted EBITDA reflects an adjustment to TransCanada's EBITDA and *pro forma* EBITDA for the year ended December 31, 2015 of $3,745 million related to (i) a non-cash impairment charge incurred by TransCanada of $3,686 million ($2,891 million after-tax) relating to Keystone XL and related projects, including the Keystone Hardisty Terminal, in connection with the November 6, 2015 denial of the U.S. Presidential permit, and (ii) a non-cash impairment charge incurred by TransCanada of $59 million ($43 million after-tax) relating to certain energy turbine equipment previously purchased for a power development project that did not proceed, each as recorded in the Corporation's audited consolidated financial statements as at December 31, 2015. Management believes that Adjusted EBITDA is a useful measure for evaluating our historical and unaudited *pro forma* financial results, given the exceptional nature of these one-time asset impairment charges.

The following table reconciles net (loss)/income to EBITDA and EBITDA to Adjusted EBITDA based on the audited financial statements of the Corporation and Columbia for the periods indicated and on the unaudited *pro forma* condensed consolidated financial statements, included as Annex A hereto (the "*Pro Forma* Statements").

	Year ended December 31,				
	2015	2014	2015	2014	2015
	TransCanada		Columbia		*Pro Forma*
	($ millions)		(U.S.$ millions)		($ millions)
Net (loss)/income	(1,140)	1,993	307	268	(874)
Depreciation and amortization	1,765	1,611	140	119	1,958
Financial charges	1,207	1,107	68	53	1,488
Income tax expense	34	831	153	170	150
EBITDA	1,866	5,542	668	610	2,722
Adjustment for asset impairment charges	3,745				3,745
Adjusted EBITDA	5,611				6,467

CAUTION REGARDING UNAUDITED *PRO FORMA* CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

This prospectus supplement contains the unaudited *pro forma* condensed consolidated financial statements of the Corporation comprised of the condensed consolidated balance sheet of the Corporation as at December 31, 2015 and the condensed and consolidated statement of income of the Corporation for the year ended December 31, 2015, giving effect to: (i) the offering of subscription receipts (the "Subscription Receipts") by the Corporation pursuant to the short form prospectus of the Corporation dated March 28, 2016 and the subscription receipt agreement dated April 1, 2016 (the "Subscription Receipt Agreement") between, inter alia, the Corporation and Computershare Trust Company of Canada (the "Subscription Receipt Offering"), including the exercise of the over-allotment option granted to the underwriters in connection with the Subscription Receipt Offering; (ii) the issuance of common shares of the Corporation ("Common Shares") upon the exchange of the Subscription Receipts; (iii) the Acquisition Credit Facilities; and (iv) the completion of the Acquisition. Such unaudited *pro forma* condensed consolidated financial statements have been prepared using certain of the Corporation's and Columbia's respective historical financial statements as more particularly described in the notes to such unaudited *pro forma* condensed consolidated financial statements. In preparing such unaudited *pro forma* condensed consolidated financial statements, the Corporation has not independently verified the financial statements of Columbia that were used to prepare the unaudited *pro forma* condensed consolidated financial statements. Such unaudited *pro forma* condensed consolidated financial statements are not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual amounts recorded upon the finalization of the Purchase Price (as defined herein) allocation under the Acquisition may differ from the amounts reflected in such unaudited *pro forma* condensed consolidated financial statements. Since the unaudited *pro forma* condensed consolidated financial statements have been developed to retroactively show the effect of a transaction that has or is expected to occur at a later date (even though this was accomplished by following generally accepted practice using reasonable assumptions), there are limitations inherent in the very nature of *pro forma* data. The data contained in the unaudited *pro forma* condensed consolidated financial statements represents only a simulation of the potential financial impact of the Corporation's acquisition of Columbia. Undue reliance should not be placed on such unaudited *pro forma* condensed consolidated financial statements. See "Forward-Looking Information" and "Risk Factors".

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed, as of the date hereof, to be incorporated by reference into the prospectus only for the purposes of the distribution of the Series 13 Shares offered hereunder. Other documents are also incorporated or deemed to be incorporated by reference into the prospectus and reference should be made to the prospectus for full details.

The following documents, which were filed by us with the various securities commissions or similar authorities in each of the provinces and territories of Canada, are incorporated by reference into the prospectus:

(a) management information circular dated March 2, 2015 for the annual and special meeting of shareholders held on May 1, 2015;

(b) audited comparative consolidated financial statements as at December 31, 2015 and 2014 and for each of the years in the three-year period ended December 31, 2015, the notes thereto, and the auditors' report thereon;

(c) management's discussion and analysis of financial condition and results of operations as at and for the year ended December 31, 2015 (the "2015 MD&A");

(d) annual information form for the year ended December 31, 2015 dated February 10, 2016 (the "Annual Information Form");

(e) management information circular dated February 23, 2016 for the annual and special meeting of shareholders to be held on April 29, 2016;

(f) the material change report dated March 18, 2016 (the "Acquisition MCR"); and

(g) the template version (as such term is defined in National Instrument 41-101 — General Prospectus Requirements) of the term sheet relating to the Offering dated April 13, 2016 (the "Initial Term Sheet") and the template version of the revised term sheet for the Offering dated April 13, 2016 (the "Revised Term Sheet").

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

Any statement contained in the prospectus, this prospectus supplement or in a document incorporated, or deemed to be incorporated, by reference in the prospectus shall be deemed to be modified or superseded, for the purposes of the prospectus and this prospectus supplement, to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference in the prospectus modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue

statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the prospectus or this prospectus supplement, except as so modified or superseded.

MARKETING MATERIALS

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

Statements included in the template version of the Initial Term Sheet relating to the size of the Offering, including the number of Series 13 Shares being distributed pursuant to the Offering and the Corporation granting an option to the Underwriters to purchase additional Series 13 Shares, have been modified in view of disclosure contained in this prospectus supplement to reflect the increase in the number of Series 13 Shares being distributed pursuant to the Offering from what was disclosed in the Initial Term Sheet and the elimination of the option granted to the Underwriters. See disclosure on the cover page of this prospectus supplement and under "Details of the Offering". Pursuant to Section 9A.3(7) of National Instrument 44-102 — Shelf Distributions, the Corporation has prepared a revised template version of the Initial Term Sheet, being the Revised Term Sheet, which has been blacklined to show the modified statements discussed herein. The Revised Term Sheet and the blacklined version thereof have been filed with the securities commissions or similar authorities in each of the provinces and territories of Canada and can be viewed under the Corporation's profile at www.sedar.com.

Any "template version" of "marketing materials" (as those terms are defined in National Instrument 41-101 — General Prospectus Requirements) filed by the Corporation under National Instrument 44-102 — Shelf Distributions in connection with the Offering after the date of this prospectus supplement and before termination of the Offering, will be deemed to be incorporated by reference into the prospectus for the purposes of the distribution of Series 13 Shares to which this prospectus supplement pertains.

RECENT DEVELOPMENTS

Alberta Power Purchase Arrangements

On March 7, 2016, the Corporation announced plans to terminate its Alberta Power Purchase Arrangements ("PPAs") by exercising a right thereunder that permits termination of the PPAs if there is a change in law that makes the agreements unprofitable. The Corporation expects that unprofitable market conditions will continue as costs related to CO_2 emissions have increased and they are expected to continue to increase over the remaining term of the PPAs.

The Corporation expects the termination of the PPAs will improve its cash flow and comparable earnings in the near term, but will result in a non-cash charge of approximately $240 million pre-tax ($176 million after-tax) for the fiscal quarter ended March 31, 2016 which represents the remaining net book value associated with the Corporation's original investment in the PPAs. This termination affects the Sheerness, Sundance A and Sundance B PPAs.

Acquisition of Columbia

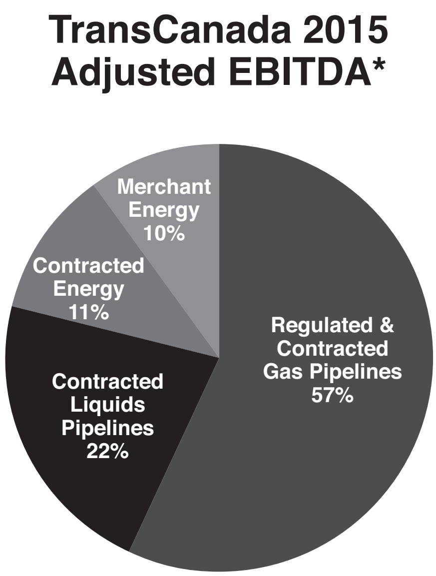
On March 17, 2016, the Corporation announced that TransCanada PipeLines Limited ("TCPL"), TransCanada PipeLine USA Ltd. ("TransCanada Holdco") and Taurus Merger Sub Inc. ("Merger Sub"), all direct or indirect wholly-owned subsidiaries of the Corporation, and the Corporation (for the limited purpose of providing representations and warranties, pursuing regulatory approvals and obtaining financing for the Acquisition), had entered into an agreement and plan of merger (the "Merger Agreement") with Columbia to acquire Columbia through a merger of Merger Sub with and into Columbia (the "Acquisition") for a total purchase price of U.S.$10.25 billion (the "Purchase Price"), which, together with approximately U.S.$2.75 billion of assumed debt, constitutes a total transaction value of approximately U.S.$13 billion. The Purchase Price represents a 11% premium to the closing price of shares of Columbia common stock on the New York Stock Exchange (the "NYSE") of U.S.$23.00 as of March 16, 2016 and a 32% premium to the volume-weighted average price over the 30 days preceding March 16, 2016. For a summary of the terms of the Merger Agreement, see the Acquisition MCR incorporated by reference in the prospectus.

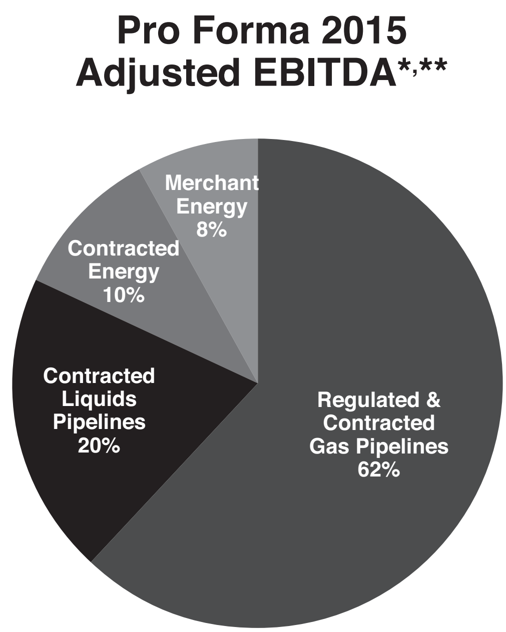
Acquisition Rationale

TransCanada views the Acquisition as a major part of a series of planned business changes, including the planned monetization of its U.S. Northeast merchant power business and of a minority interest in its Mexican natural gas pipeline business (as described in the Acquisition MCR incorporated by reference in the prospectus) that, taken together will significantly transform the Corporation's business and position it to generate significant growth, while maintaining its financial strength and flexibility. The highlights of the Acquisition include:

- Creates one of North America's largest regulated natural gas transmission businesses linking the continent's fastest growing natural gas supply basins to its most attractive markets
- Results in a combined $23 billion portfolio of secured, near-term growth projects, as described in the 2015 MD&A and under "— Columbia's Current System Expansion Opportunities"
- Expected to increase earnings per share in the first full year of ownership and thereafter as the combined $23 billion of near-term commercially secured projects enter service
- Increases 2015 adjusted pro-forma EBITDA from regulated and long-term contracted assets from approximately 90 per cent to approximately 92 per cent
- Planned monetization of U.S. Northeast merchant power assets would further enhance stability and predictability of revenue streams
- Supports and may augment targeted 8 to 10 per cent expected annual dividend growth through 2020
- Funding program designed to be consistent with current financial profile
- Targeted annual cost, revenue and financing benefits of approximately U.S.$250 million

See "Forward-Looking Information". The charts below show the sources of adjusted *pro forma* EBITDA in 2015.

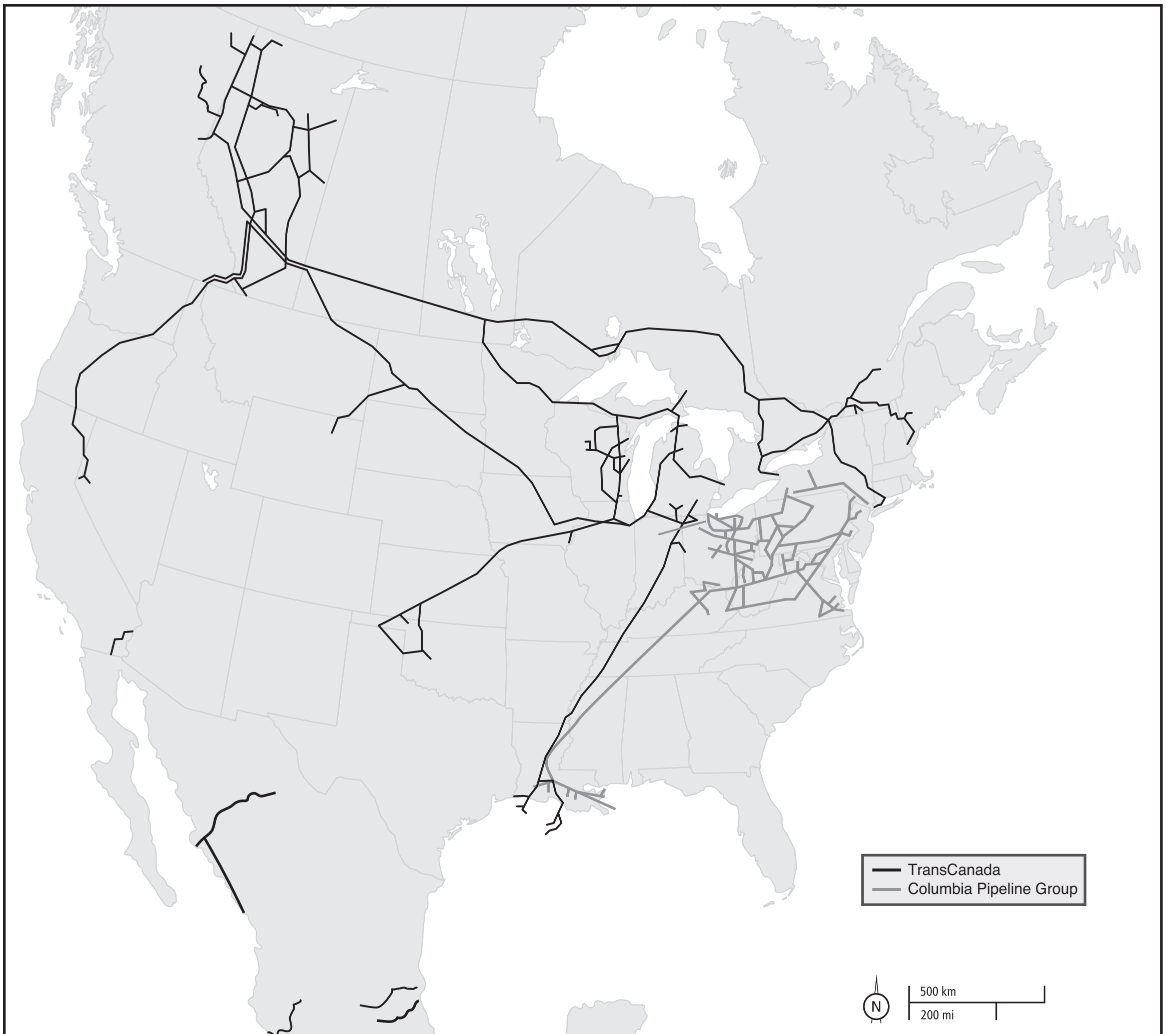




* EBITDA adjusted for asset impairment charges of $3,745 million as described under "Non-GAAP Financial Measures".

** Includes Columbia, but does not reflect the planned monetization of the Corporation's U.S. Northeast merchant power assets and of a minority interest in its Mexican natural gas pipeline business or the anticipated Acquisition benefits and costs.

Columbia's assets include one of the largest interstate natural gas pipeline systems in the United States, providing transportation, storage and related services to a variety of customers in the U.S. Northeast, Midwest, Mid-Atlantic and Gulf Coast regions. This extensive, competitively-positioned, growing network of regulated natural gas pipeline and storage assets in the Marcellus and Utica shale gas regions complements TransCanada's existing North American footprint (see "— Columbia — Columbia Gas Transmission"). Combined, the 91,000 km (56,900 mile) natural gas pipeline system connects North America's supply basins to markets across the continent. The combination will result in 664 Bcf of storage capacity, including Columbia's system capacity of 296 Bcf. TransCanada will be well positioned to transport North America's natural gas supply to liquefied natural gas terminals for export to international markets.



* Illustrates the configuration of material pipeline systems and projects within TransCanada's natural gas pipeline network on a pro forma basis following the completion of the Acquisition

Columbia is currently advancing U.S.$5.6 billion of commercially secured growth projects that are subject to normal regulatory and permitting processes. The majority of these projects are within existing infrastructure corridors and are more cost competitive and expected to be easier to execute than comparable greenfield projects. They are also underpinned by long-term contracts and expected to generate growth in earnings as they enter service. Under an agreement with customers, additional growth is also anticipated from approximately U.S.$1.7 billion of modernization initiatives to be implemented through 2021. The combined U.S.$7.3 billion of growth initiatives, which are supported by predictable and growing revenue streams, are expected to support and may augment future dividend growth.

TransCanada expects the Acquisition, net of associated financing and the planned monetization of the Corporation's U.S. Northeast merchant power assets and of a minority interest in its Mexican natural gas pipeline business, to be accretive to earnings per share in the first full year of ownership. Looking forward, TransCanada's $13.5 billion portfolio of commercially-secured near-term growth opportunities together with

Columbia's $9.6 billion (U.S.$7.3 billion) portfolio of commercially secured near-term projects, are expected to create long-term shareholder value.

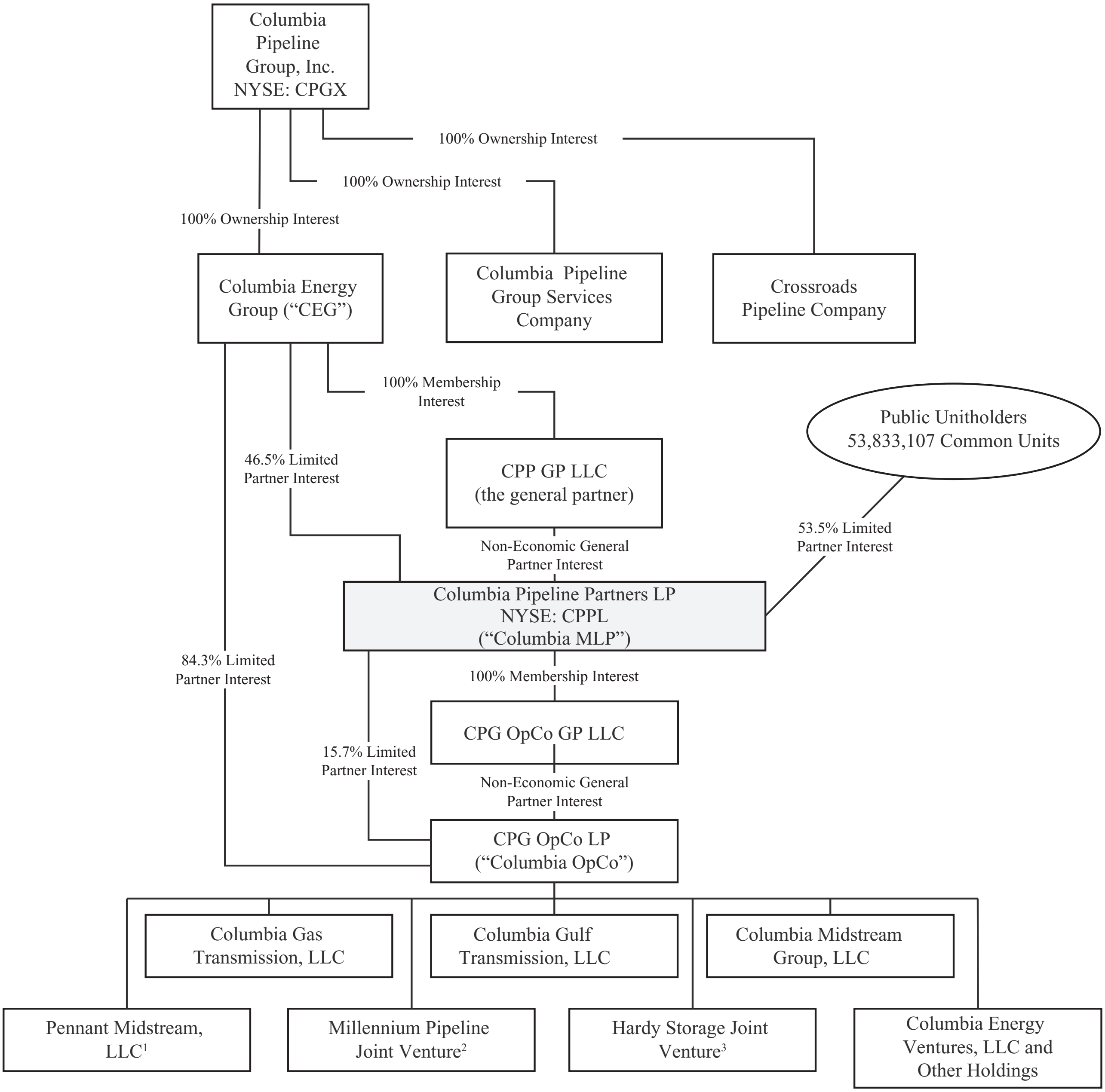
Columbia

Columbia is a growth-oriented Delaware corporation which was formed by NiSource Inc. ("NiSource") on September 26, 2014 to own, operate and develop a portfolio of pipeline, storage and related midstream assets. On July 1, 2015, NiSource distributed, pursuant to an effective registration statement on Form 10, 317.6 million shares, one share of Columbia common stock for every one share of NiSource common stock held by NiSource stockholders on the record date. Columbia has been an independent, publicly traded company since July 1, 2015. Columbia's common stock trades under the ticker symbol "CPGX" on the NYSE. On December 7, 2015, Columbia completed the issuance of 82.2 million common shares including 10,725,000 common shares that were issued pursuant to the exercise in full of the underwriters' over-allotment option. Columbia received net proceeds of U.S.$1,394.7 million, net of underwriting discounts and estimated expenses of the offering of approximately U.S.$42.2 million.

Columbia owns approximately 15,000 miles (24,140 km) of strategically located interstate natural gas pipelines extending from New York to the Gulf of Mexico and one of the U.S.'s largest underground natural gas storage systems, with approximately 296 Bcf of working gas capacity, as well as related gathering and processing assets. For the year ended December 31, 2015, 94.6% of Columbia's revenue, excluding revenues generated from cost recovery under certain regulatory tracker mechanisms, was generated under firm revenue contracts. As of December 31, 2015, these contracts had a weighted average remaining contract life of 4.8 years. Columbia owns these assets through CPG OpCo LP ("Columbia OpCo"), a partnership between Columbia's wholly owned subsidiary Columbia Energy Group ("CEG") and Columbia Pipeline Partners LP ("Columbia MLP"). Columbia MLP is a fee-based, growth-oriented Delaware limited partnership formed to own, operate and develop a portfolio of pipelines, storage and related midstream assets.

Through its wholly owned subsidiary CEG, Columbia owns the general partner of Columbia MLP, all of Columbia MLP's incentive distribution rights and all of Columbia MLP's subordinated units, which, in the aggregate, represent a 46.5% limited partner interest in Columbia MLP. Columbia MLP completed its initial public offering on February 11, 2015, selling 53.5% of its limited partner interests.

The following is a simplified diagram of Columbia's ownership structure, including key operating subsidiaries:



[1] Columbia OpCo owns a 47.5% interest in Pennant Midstream, LLC
[2] Columbia OpCo owns a 47.5% ownership interest in Millennium Pipeline Joint Venture
[3] Columbia OpCo owns a 49% ownership interest and CEG owns a 1% ownership interest in the Hardy Storage Joint Venture

Columbia's Interstate Pipeline and Storage Assets.

Columbia owns the Federal Energy Regulatory Commission ("FERC") regulated natural gas transportation and storage assets described below.

Columbia Gas Transmission

Columbia Gas Transmission, LLC ("Columbia Gas Transmission") owns and operates a FERC-regulated interstate natural gas transportation pipeline and storage system, which has historically largely operated as a means to transport gas from the Gulf Coast, via Columbia Gulf Transmission, LLC ("Columbia Gulf"), from various pipeline interconnects, and from production areas in the Marcellus/Utica region to markets in the Midwest, Atlantic, and Northeast regions. As Marcellus and Utica shale gas production has grown, Columbia Gas Transmission's operations and assets also have grown due to the increased production within the pipeline's operating area. As the market continues to evolve, Columbia Gas Transmission is in various phases of execution and construction on a multitude of growth projects to help move the growing production of gas out of the Marcellus and Utica shale plays and into on-system markets in the northeast and mid-Atlantic markets as well as off-system markets in the Gulf Coast.

Columbia Gas Transmission's pipeline system consists of 11,272 miles (18,141 km) of natural gas transmission pipeline. It has a transportation capacity of approximately 10 Bcf/day, transports an average of approximately 3.9 Bcf/day and serves communities in Delaware, Kentucky, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Virginia and West Virginia. Columbia Gas Transmission owns and leases approximately 819,500 acres (331,639 hectares) of underground storage, 3,432 storage wells, which includes 35 storage fields in four states with approximately 620 Bcf in total operational capacity, with approximately 286 Bcf of working gas capacity.

Columbia also owns a 47.5% ownership interest in Millennium Pipeline, which transports an average of 1.1 Bcf/day of natural gas primarily sourced from the Marcellus shale to markets across southern New York and the lower Hudson Valley, as well as to the New York City market through its pipeline interconnections. Millennium Pipeline has access to the Northeast Pennsylvania Marcellus shale natural gas supply and is pursuing growth opportunities to expand its system. The Millennium Pipeline system consists of approximately 253 miles (407 km) of natural gas transmission pipeline and three compressor stations with over 43,000 horsepower of installed capacity. Columbia Gas Transmission acts as operator of Millennium Pipeline, and DTE Millennium Company and National Grid Millennium LLC each own an equal remaining share of Millennium Pipeline.

Columbia Gulf

The Columbia Gulf pipeline system is a FERC-regulated interstate natural gas transportation pipeline system, which consists of 3,341 miles (5,377 km) of natural gas transmission pipeline and transports an average of approximately 1.5 Bcf/day. The system offers shippers access to two actively traded market hubs — the Columbia Gulf Mainline Pool and the Columbia Gulf Onshore Pool. In addition, Columbia Gulf interconnects with the Henry Hub in South Louisiana and the Columbia Gas Transmission Pool near Leach, Kentucky. Through its interstate and intrastate pipeline interconnections, Columbia Gulf provides upstream supply to serve growing markets in the mid-atlantic, midwest, Florida and southeast. Columbia Gulf also has a project underway that will connect its system with the Cameron LNG export facility. In addition, Columbia Gulf recently reconfigured its system so that it can reverse flow on one of its three pipelines. Flows on the other two pipelines will be reversed as part of expansion projects that are underway.

Columbia's Gathering, Processing and Other Assets.

Through Columbia's ownership interests in Columbia OpCo, Columbia owns the gathering, processing and other assets described below.

Columbia Midstream

Columbia Midstream Group, LLC ("Columbia Midstream") provides natural gas producer services including gathering, treating, conditioning, processing, compression and liquids handling in the Marcellus/Utica Basins. Columbia Midstream owns approximately 123 miles (198 km) of natural gas gathering pipeline and one compressor station with 6,800 horsepower of installed capacity and also owns a 47.5% ownership interest in Pennant Midstream, LLC, which owns approximately 49 miles (79 km) of natural gas gathering pipeline infrastructure, a cryogenic processing plant and a 36 mile (58 km) NGL pipeline. Columbia Midstream supports the growing production in the Utica and Marcellus resource plays.

Columbia's Current System Expansion Opportunities

The unique location and capabilities of Columbia's pipeline assets place it in a strategically advantageous position to continue to capitalize on production from the Marcellus and Utica shales. According to the U.S. Energy Information Administration, production in the Marcellus and Utica shale regions grew from approximately 2.7 Bcf/day of natural gas in 2010 to approximately 19.6 Bcf/day in 2015, and, according to IHS CERA, natural gas production in these regions is anticipated to grow to above 30 Bcf/day by the end of 2020. To that end, Columbia has recently placed into service or is currently pursuing significant expansion projects that are underpinned by long-term contracts and expected to generate growth in earnings as they enter service, the most significant of which include:

- Gibraltar Pipeline Project. Columbia expects to invest approximately U.S.$270 million to construct an approximately 1 Bcf/day dry gas header pipeline in southwest Pennsylvania. Columbia expects this to be the first of multiple phases with a projected initial in-service date in the fourth quarter of 2016.

- Leach XPress. This project, which has been filed with the FERC, will provide approximately 1.5 Bcf/day of capacity from the Marcellus and Utica production regions to the Leach compressor station located on the Columbia Gulf system, TCO Pool, and other markets on the Columbia Gas Transmission system. Columbia expects the project, which involves an estimated investment of approximately U.S.$1.4 billion, to be placed into service in the fourth quarter of 2017.

- Rayne XPress. This project, which has been filed with the FERC, will transport approximately 1 Bcf/day of southwest Marcellus and Utica production from the Leach, Kentucky interconnect with Columbia Gas Transmission towards the Rayne compressor station in southern Louisiana to reach various Gulf Coast markets. Columbia expects the project, which involves an estimated investment of approximately U.S.$380 million, to be placed into service in the fourth quarter of 2017.

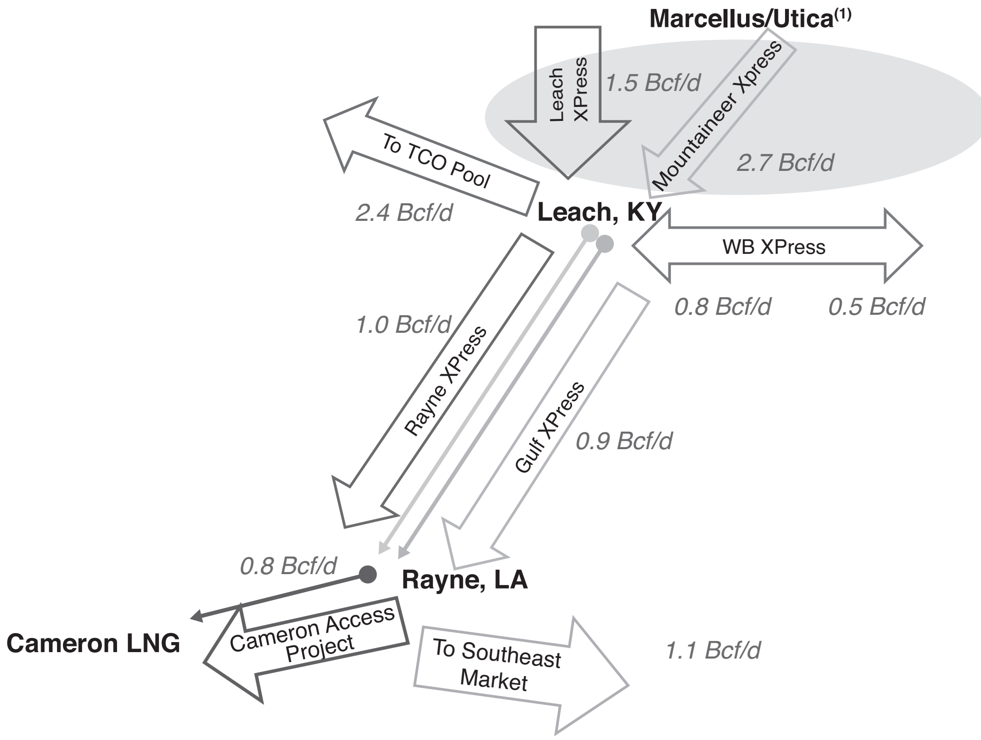
- Cameron Access Project. This project, which has been approved by the FERC, and involves an investment of approximately U.S.$310 million, will provide 0.8 Bcf/day of transportation capacity on the Columbia Gulf system to the Cameron LNG export terminal in Louisiana. Columbia expects the project to be placed into service in the first quarter of 2018.

- WB XPress. This project, which has been filed with the FERC, and involves an investment of approximately U.S.$850 million, will expand Columbia Gas Transmission's WB system in order to transport approximately 1.3 Bcf/day of Marcellus production to pipeline interconnects and East Coast markets, including access to the Cove Point LNG terminal. Columbia expects this project to be placed into service in the fourth quarter of 2018.

- Mountaineer XPress. This approximately U.S.$2.0 billion project, which has not yet been filed with the FERC, will provide new takeaway capacity for Marcellus and Utica production. The project will provide up to 2.7 Bcf/day of firm transportation capacity on the Columbia Gas Transmission system. Columbia expects this project to be placed into service in the fourth quarter of 2018.

- Gulf XPress. This project, which has not yet been filed with the FERC, will provide 0.9 Bcf/day of firm transportation capacity for Marcellus and Utica production on the Columbia Gulf system. This project involves an investment of approximately U.S.$0.7 billion and is expected by Columbia to be placed into service in the fourth quarter of 2018.

The schematic below illustrates the expected gas flow direction and capacity of each of the growth projects described above (other than the Gibraltar Pipeline Project):



(1) Shaded area represents the Marcellus and Utica shale gas production areas.

In 2013, the FERC approved the modernization settlement entered into by Columbia Gas Transmission and its customers that provided recovery and return on an investment of up to U.S.$1.5 billion over a five-year period to modernize its system to improve system integrity and enhance service reliability and flexibility. The modernization program includes, among other things, replacement of aging pipeline and compressor facilities, enhancements to system inspection capabilities and improvements in control systems. In January 2016, the FERC approved Columbia Gas Transmission's third annual filing for recovery under this program. Columbia Gas Transmission has placed approximately U.S.$937 million in modernization investments into service as of February 2016. The remaining U.S.$0.6 billion of modernization investment is expected to be placed into service in 2017 and 2018.

In December 2015, Columbia Gas Transmission filed an extension of this settlement and has requested FERC's approval of the customer agreement by March 31, 2016. Approval of the settlement was issued on March 17, 2016. This extension will allow Columbia Gas Transmission to invest an additional U.S.$1.1 billion over an additional three-year period through 2020, with expected in-service dates in 2019 through 2021. This new agreement also expands the scope of facility investments covered by the program to include storage facilities.

Merger Litigation

Two class action lawsuits seeking to enjoin the Acquisition have been filed in the Delaware Court of Chancery. The first was filed on March 30, 2016. The plaintiffs in that suit are two purported common shareholders of Columbia on their own behalf and on behalf of all other common shareholders of Columbia. The defendants are Columbia, the TransCanada entities that are parties to the Merger Agreement, and each member of Columbia's Board of Directors. The plaintiffs allege, among other things, that Columbia's board members breached their fiduciary duties and the TransCanada entities aided and abetted in the breach of fiduciary duties. The second action was filed on April 7, 2016. The plaintiff is a purported common shareholder of Columbia on his own behalf and on behalf of all other common shareholders of Columbia and the defendants are each member of Columbia's board of directors. This action alleges, among other things, that each member of Columbia's board of directors breached his or her fiduciary duties. TransCanada's view is that there is no merit to the allegations in these actions.

Closing of Subscription Receipt Offering

On April 1, 2016, the Corporation announced that it had completed the Subscription Receipt Offering and that, effective at the closing of the Subscription Receipt Offering, the underwriters thereunder exercised in full their over-allotment option to acquire an additional 4,600,000 Subscription Receipts, such that a total of 96,600,000 Subscription Receipts were issued for total gross proceeds of $4,419,450,000. The terms of the Subscription Receipt Offering and the Subscription Receipts are described in the Acquisition MCR incorporated by reference in the prospectus. In connection with the closing of the Subscription Receipt Offering, the equity bridge portion of the Acquisition Credit Facilities (comprising U.S.$3.2 billion of the initial U.S.$10.3 billion of Acquisition Credit Facilities) was automatically reduced to zero, and the aggregate Acquisition Credit Facilities were further reduced by U.S.$187 million due to the exercise in full of the over-allotment option under the Subscription Receipt Offering, reducing the total commitment under the Acquisition Credit Facilities to approximately U.S.$6.9 billion. See the Acquisition MCR incorporated by reference in the prospectus for further details regarding the Acquisition Credit Facilities.

Tula — Villa de Reyes Pipeline

On April 11, 2016, the Corporation announced that it had been chosen to build, own and operate the Tula — Villa de Reyes pipeline in Mexico. Construction of the pipeline is supported by a 25-year natural gas transportation service contract for 886 million cubic feet a day with the Comisión Federal de Electricidad, Mexico's state owned power company. TransCanada expects to invest approximately US$550 million in the 36-inch diameter, 420-kilometre (261-mile) pipeline and anticipates an in-service date of early 2018. The project will interconnect with TransCanada's Tamazunchale and Tuxpan — Tula pipelines, as well as with other transporters in the region.

USE OF PROCEEDS

The net proceeds to the Corporation from the Offering will be approximately $485,000,000 after deducting the Underwriters' fee of approximately $15,000,000 and before deducting expenses of the Offering. The expenses of the Offering and the Underwriters' fee will be paid from the general funds of the Corporation. The net proceeds of the Offering will be used for general corporate purposes and to reduce short term indebtedness of the Corporation and its affiliates, which short term indebtedness was used to fund the Corporation's capital program and for general corporate purposes. The Corporation may invest funds that it does not immediately require in short-term marketable debt securities.

CONSOLIDATED CAPITALIZATION

Other than the issuance by TCPL of U.S.$400 million principal amount of 3.125% senior notes due 2019 (the "January 2016 3.125% Senior Notes") and U.S.$850 million principal amount of 4.875% senior notes due 2026, on January 27, 2016 (the "January 2016 4.875% Senior Notes" and, collectively with the January 2016 3.125% Senior Notes, the "January 2016 Notes") and the completion of the Subscription Receipt Offering (see "Recent Developments" — "Closing of the Subscription Receipt Offering"), there have been no material changes in the share and loan capital of the Corporation, on a consolidated basis, from December 31, 2015 to the date of this prospectus supplement. After giving effect to the Offering, the equity of the Corporation will increase by the amount of the net proceeds of the Offering and the issued and outstanding Series 13 Shares will increase by 20,000,000 shares.

DETAILS OF THE OFFERING

The following is a summary of the principal rights, privileges, restrictions and conditions attaching to the first preferred shares ("First Preferred Shares") of the Corporation as a class and to be attached to the Series 13 Shares and Series 14 Shares. Such provisions will be available on SEDAR at www.sedar.com.

Definition of Terms

The following definitions are relevant to the Series 13 Shares and the Series 14 Shares.

"Annual Fixed Dividend Rate" means, for any Subsequent Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 4.69%, provided that, in any event, such rate shall not be less than 5.50%.

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

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

"Floating Quarterly Dividend Rate" means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 4.69%.

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

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

"Initial Fixed Rate Period" means the period from and including the date of issue of the Series 13 Shares to but excluding May 31, 2021.

"Quarterly Commencement Date" means the last business day of February, May, August and November in each year, commencing May 31, 2021.

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

"Series 13 Conversion Date" means May 31, 2021, and the last business day of May in every fifth year thereafter.

"Series 14 Conversion Date" means May 29, 2026, and the last business day of May in every fifth year thereafter.

"Subsequent Fixed Rate Period" means, for the initial Subsequent Fixed Rate Period, the period from and including May 31, 2021 to but excluding May 29, 2026, and for each succeeding Subsequent Fixed Rate Period means the period from and including the day immediately following the last day of the immediately preceding Subsequent Fixed Rate Period to but excluding the last business day of May in the fifth year thereafter.

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

Certain Provisions of the First Preferred Shares as a Class

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

Priority

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

Voting Rights

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

Changes in Terms

The provisions attaching to the First Preferred Shares as a class may be modified, amended or varied only with the approval of the holders of the First Preferred Shares as a class. Any such approval to be given by the holders of the First Preferred Shares may be given by the affirmative vote of the holders of not less than 66⅔ per cent of the First Preferred Shares represented and voted at a meeting or adjourned meeting of such holders.

Certain Provisions of the Series 13 Shares

Issue Price

The Series 13 Shares will have an issue price of $25.00 per share.

Dividends on Series 13 Shares

During the Initial Fixed Rate Period, the holders of the Series 13 Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the board of directors of the Corporation, out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at an annual rate of $1.375 per share, payable quarterly on each Dividend Payment Date in each year. The first dividend, if declared, shall be payable on May 31, 2016, and, notwithstanding the foregoing, shall be in the amount per share determined by multiplying $1.375 by the number of days in the period from and including the date of issue of the Series 13 Shares to but excluding May 31, 2016, and dividing that product by 365.

During each Subsequent Fixed Rate Period, the holders of the Series 13 Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the board of directors of the Corporation, out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, payable quarterly on each Dividend Payment Date, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate for such Subsequent Fixed Rate Period by $25.00.

On each Fixed Rate Calculation Date, the Corporation shall determine the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 13 Shares. The Corporation shall, on each Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series 13 Shares.

Redemption of Series 13 Shares

The Series 13 Shares shall not be redeemable prior to May 31, 2021. Subject to the provisions described under "Restrictions on Payments and Reductions of Capital", on May 31, 2021, and on the last business day of May in every fifth year thereafter, the Corporation may redeem all or any part of the Series 13 Shares by the payment of an amount in cash for each share to be redeemed equal to $25.00 plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption.

Notice of any redemption of Series 13 Shares will be given by the Corporation not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series 13 Shares are at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the board of directors of the Corporation or the transfer agent, if any, appointed by the Corporation in respect of such shares shall decide, or, if the board of directors of the Corporation so decides, such shares may be redeemed pro rata (disregarding fractions).

From and after the date specified in a notice of redemption, the Series 13 Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price is not made upon presentation of certificates in accordance with the provisions of the Series 13 Shares, in which case the rights of the holders shall remain unaffected.

Conversion of Series 13 Shares into Series 14 Shares

The Series 13 Shares shall not be convertible prior to May 31, 2021. Holders of Series 13 Shares shall have the right to convert on each Series 13 Conversion Date, subject to certain restrictions, all or any of their Series 13 Shares into Series 14 Shares on the basis of one Series 14 Share for each Series 13 Share. Notice of a holder's intention to convert Series 13 Shares must be received by the transfer agent and registrar for the Series 13 Shares at its principal office in Toronto or Calgary not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 13 Conversion Date. Once received by the transfer agent and registrar on behalf of the Corporation, the election of a holder to convert is irrevocable.

The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 13 Conversion Date, give notice to the then registered holders of the Series 13 Shares of the conversion right. On the 30th day prior to each Series 13 Conversion Date, the Corporation shall give notice to the then registered holders of the Series 13 Shares of the Annual Fixed Dividend Rate for the Series 13 Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 14 Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series 13 Shares shall not be entitled to convert their shares into Series 14 Shares if the Corporation determines that there would remain outstanding on a Series 13 Conversion Date less than 1,000,000 Series 14 Shares, after having taken into account all Series 13 Shares tendered for conversion into Series 14 Shares and all Series 14 Shares tendered for conversion into Series 13 Shares. The Corporation shall give notice thereof to all affected registered holders of the Series 13 Shares at least seven days prior to the applicable Series 13 Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series 13 Conversion Date less than 1,000,000 Series 13 Shares, after having taken into account all Series 13 Shares tendered for conversion into Series 14 Shares and all Series 14 Shares tendered for conversion into Series 13 Shares, then all of the remaining outstanding Series 13 Shares shall be converted automatically into Series 14 Shares on the basis of one Series 14 Share for each Series 13 Share on the applicable Series 13 Conversion Date and the Corporation shall give notice thereof to the then registered holders of such remaining Series 13 Shares at least seven days prior to the Series 13 Conversion Date.

The Corporation reserves the right not to deliver Series 14 Shares to any person that the Corporation or its transfer agent and registrar has reason to believe is a person whose address is in, or that the Corporation or its transfer agent and registrar has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction.

If the Corporation gives notice to the holders of the Series 13 Shares of the redemption of all of the Series 13 Shares, the right of a holder of Series 13 Shares to convert such Series 13 Shares shall terminate and the Corporation shall not be required to give notice to the registered holders of the Series 13 Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series 13 Shares.

The Series 13 Shares and Series 14 Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two Series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 13 Shares and Series 14 Shares are identical in all material respects.

Purchase for Cancellation

Subject to the provisions described under "Restrictions on Payments and Reductions of Capital" and subject to such provisions of the CBCA as may be applicable, the Corporation may at any time or times purchase for cancellation all or any part of the Series 13 Shares at the lowest price or prices at which, in the opinion of the board of directors of the Corporation, such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series 13 Shares shall be entitled to receive $25.00 per Series 13 Share plus all accrued and unpaid dividends thereon before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 13 Shares in any respect. After payment to the holders of the Series 13 Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

Restrictions on Payments and Reductions of Capital

So long as any Series 13 Shares are outstanding, the Corporation shall not:

(a) call for redemption, purchase, reduce or otherwise pay off less than all the Series 13 Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 13 Shares with respect to payment of dividends,

(b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series 13 Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series 13 Shares with respect to payment of dividends, or

(c) call for redemption, purchase, reduce or otherwise pay off any shares of the Corporation ranking junior to the Series 13 Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series 13 Shares and on all other preferred shares then outstanding ranking prior to or on a parity with the Series 13 Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

Creation or Issue of Additional Shares

So long as any Series 13 Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the Series 13 Shares, create or issue any shares ranking prior to or on a parity with the Series 13 Shares with respect to repayment of capital or payment of dividends, provided that the Corporation may without such approval issue additional series of First Preferred Shares if all dividends then payable on the Series 13 Shares shall have been paid or set apart for payment.

Voting Rights

The holders of the Series 13 Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the holders of Series 13 Preferred Shares as a series) to voting rights or to receive notice of or to attend shareholders' meetings unless dividends on the Series 13 Shares are in arrears to the extent of eight quarterly dividends, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of such dividends. Until all such arrears of dividends have been paid, holders of Series 13 Shares will be entitled to receive notice of and to attend all shareholders' meetings at which directors are to be elected (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series 13 Share held with respect to resolutions to elect directors.

Tax Election

The Series 13 Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.l of the Tax Act applicable to certain corporate holders of the Series 13 Shares. The terms of the Series 13 Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 13 Shares. See "Certain Canadian Federal Income Tax Considerations — Dividends".

Modification

The series provisions attaching to the Series 13 Shares may be amended with the written approval of all the holders of the Series 13 Shares outstanding or by at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for that purpose.

Business Day

If any day on which any dividend on the Series 13 Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a business day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a business day. For the purposes hereof, "business day" shall mean a day on which banks are generally open for business in both Calgary, Alberta and Toronto, Ontario.

Certain Provisions of the Series 14 Shares

Issue Price

The Series 14 Shares will be issuable only upon conversion of Series 13 Shares and will have an ascribed issue price of $25.00 per share.

Dividends on Series 14 Shares

During each Quarterly Floating Rate Period, the holders of the Series 14 Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the board of directors of the Corporation, out of the moneys of the Corporation properly applicable to the payment of dividends, cumulative preferential cash dividends, payable on each Dividend Payment Date, in the amount per share determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by $25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year.

On each Floating Rate Calculation Date, the Corporation shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 14 Shares. The Corporation shall, on each Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 14 Shares.

Redemption of Series 14 Shares

Subject to the provisions described under "Restrictions on Payments and Reductions of Capital", the Corporation may redeem all or any part of the Series 14 Shares by the payment of an amount in cash for each share to be redeemed equal to (i) $25.00 in the case of a redemption on any Series 14 Conversion Date on or after May 29, 2026, or (ii) $25.50 in the case of a redemption on any date after May 31, 2021 that is not a Series 14 Conversion Date, in each case plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption.

Notice of any redemption of Series 14 Shares will be given by the Corporation not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series 14 Shares are at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the board of directors of the Corporation or the transfer agent, if any, appointed by the Corporation in respect of such shares shall decide, or, if the board of directors of the Corporation so decides, such shares may be redeemed pro rata (disregarding fractions).

From and after the date specified in a notice of redemption, the Series 14 Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price is not made upon presentation of certificates in accordance with the provisions of the Series 14 Shares, in which case the rights of the holders shall remain unaffected.

Conversion of Series 14 Shares into Series 13 Shares

The Series 14 Shares shall not be convertible prior to May 29, 2026. Holders of Series 14 Shares shall have the right to convert on each Series 14 Conversion Date, subject to certain restrictions, all or any of their Series 14 Shares into Series 13 Shares on the basis of one Series 13 Share for each Series 14 Share. Notice of a holder's intention to convert Series 14 Shares must be received by the transfer agent and registrar for the Series 14 Shares at its principal office in Toronto or Calgary not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 14 Conversion Date. Once received by the transfer agent and registrar on behalf of the Corporation, the election of a holder to convert is irrevocable.

The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 14 Conversion Date, give notice to the then registered holders of the Series 14 Shares of the conversion right. On the 30th day prior to each Series 14 Conversion Date, the Corporation shall give notice to the then registered holders of the Series 14 Shares of the Annual Fixed Dividend Rate for the Series 13 Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 14 Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series 14 Shares shall not be entitled to convert their shares into Series 13 Shares if the Corporation determines that there would remain outstanding on a Series 14 Conversion Date less than 1,000,000 Series 13 Shares, after having taken into account all Series 13 Shares tendered for conversion into Series 14 Shares and all Series 14 Shares tendered for conversion into Series 13 Shares. The Corporation shall give notice thereof to all affected registered holders of the Series 14 Shares at least seven days prior to the applicable Series 14 Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series 14 Conversion Date less than 1,000,000 Series 14 Shares, after having taken into account all Series 13 Shares tendered for conversion into Series 14 Shares and all Series 14 Shares tendered for conversion into Series 13 Shares, then all of the remaining outstanding Series 14 Shares shall be converted automatically into Series 13 Shares on the basis of one Series 13 Share for each Series 14 Share on the applicable Series 14 Conversion Date and the Corporation shall give notice thereof to the then registered holders of such remaining Series 14 Shares at least seven days prior to the Series 14 Conversion Date.

The Corporation reserves the right not to deliver Series 13 Shares to any person that the Corporation or its transfer agent and registrar has reason to believe is a person whose address is in, or that the Corporation or its transfer agent and registrar has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction.

If the Corporation gives notice to the holders of the Series 14 Shares of the redemption of all of the Series 14 Shares, the right of a holder of Series 14 Shares to convert such Series 14 Shares shall terminate and the Corporation shall not be required to give notice to the registered holders of the Series 14 Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series 14 Shares.

The Series 13 Shares and Series 14 Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 13 Shares and Series 14 Shares are identical in all material respects.

Purchase for Cancellation

Subject to the provisions described under "Restrictions on Payments and Reductions of Capital" and subject to such provisions of the CBCA as may be applicable, the Corporation may at any time or times purchase for cancellation all or any part of the Series 14 Shares at the lowest price or prices at which, in the opinion of the board of directors of the Corporation, such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series 14 Shares shall be entitled to receive $25.00 per Series 14 Share plus all accrued and unpaid dividends thereon before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 14 Shares in any respect. After payment to the holders of the Series 14 Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property, or assets of the Corporation.

Restrictions on Payments and Reductions of Capital

So long as any Series 14 Shares are outstanding, the Corporation shall not:

(a) call for redemption, purchase, reduce or otherwise pay off less than all the Series 14 Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 14 Shares with respect to payment of dividends,

(b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series 14 Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series 14 Shares with respect to payment of dividends, or

(c) call for redemption, purchase, reduce or otherwise pay off any shares of the Corporation ranking junior to the Series 14 Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series 14 Shares and on all other preferred shares then outstanding ranking prior to or on a parity with the Series 14 Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

Creation or Issue of Additional Shares

So long as any Series 14 Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the Series 14 Shares, create or issue any shares ranking prior to or on a parity with the Series 14 Shares with respect to repayment of capital or payment of dividends, provided that the Corporation may without such approval issue additional series of First Preferred Shares if all dividends then payable on the Series 14 Shares shall have been paid or set apart for payment.

Voting Rights

The holders of the Series 14 Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the holders of Series 14 Preferred Shares as a series) to voting rights or to receive notice of or to attend shareholders' meetings unless dividends on the Series 14 Shares are in arrears to the extent of eight quarterly dividends, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of such dividends. Until all such arrears of dividends have been paid, holders of Series 14 Shares will be entitled to receive notice of and to attend all shareholders' meetings at which directors are to be elected (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series 14 Share held with respect to resolutions to elect directors.

Tax Election

The Series 14 Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series 14 Shares. The terms of the Series 14 Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 14 Shares. See "Certain Canadian Federal Income Tax Considerations — Dividends".

Modification

The series provisions attaching to the Series 14 Shares may be amended with the written approval of all the holders of the Series 14 Shares outstanding or by at least two-thirds of the votes cast at a meeting or adjourned meeting of the holders of such shares duly called for that purpose.

Business Day

If any day on which any dividend on the Series 14 Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a business day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a business day. For the purposes hereof, "business day" shall mean a day on which banks are generally open for business in both Calgary, Alberta and Toronto, Ontario.

DEPOSITORY SERVICES

The Series 13 Shares and Series 14 Shares will be issued in "book entry only" form and must be purchased or transferred through a participant in the CDS depository service ("CDS Participant"). The Corporation will cause a global certificate or certificates representing any newly issued Series 13 Shares or Series 14 Shares to be delivered to, and registered in the name of, CDS or its nominee. All rights of holders of Series 13 Shares or Series 14 Shares must be exercised through, and all payments or other property to which such holder of Series 13 Shares or Series 14 Shares, as the case may be, is entitled, will be made or delivered by, CDS or the CDS Participant through which the holder of Series 13 Shares or Series 14 Shares holds such shares. Each person who acquires Series 13 Shares or Series 14 Shares will receive only a customer confirmation of purchase from the registered dealer from or through which the Series 13 Shares or Series 14 Shares are acquired in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its CDS Participants having interests in the Series 13 Shares or Series 14 Shares.

The ability of a beneficial owner of Series 13 Shares or Series 14 Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Corporation has the option to terminate registration of the Series 13 Shares and Series 14 Shares through the book entry only system, in which event certificates for Series 13 Shares and Series 14 Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

Neither the Corporation nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Series 13 Shares or Series 14 Shares held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Series 13 Shares or Series 14 Shares; or (c) any advice or representation made by or with respect to CDS and those contained in this prospectus supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Series 13 Shares or Series 14 Shares must look solely to CDS Participants for payments made by or on behalf of the Corporation to CDS in respect of the Series 13 Shares or Series 14 Shares.

If (i) required by applicable law, (ii) the book entry only system ceases to exist, (iii) the Corporation determines that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series 13 Shares or Series 14 Shares and the Corporation is unable to locate a qualified successor, or (iv) the Corporation, at its option, decides to terminate the book entry only system, then certificates representing the Series 13 Shares and Series 14 Shares, as applicable, will be made available.

EARNINGS COVERAGE RATIOS

The following financial ratios have been calculated on a consolidated basis for the 12-month period ended December 31, 2015 and are based on audited financial information. The following financial ratios give *pro forma* effect to the issuance of the Series 13 Shares pursuant to this prospectus supplement and the intended use of proceeds therefrom as well as the issuance of the January 2016 Notes. Adjustments for other normal course issuances and repayments of long-term debt subsequent to December 31, 2015, would not materially affect the ratios and, as a result, have not been made. The financial ratios for the 12-month period ended December 31, 2015 have been calculated based on information contained within our financial statements for such period. A second set of financial ratios have been included that also give *pro forma* effect to the Acquisition on the same basis as in the condensed and consolidated statement of income of the Corporation for the year ended December 31, 2015 included in the *Pro Forma* Statements.

	December 31, 2015	Giving *Pro Forma* effect to the Acquisition December 31, 2015
Earnings coverage on long-term debt and current liabilities	0.1 times(1)	0.4 times(2)
Earnings coverage on long-term debt, current liabilities and First Preferred Shares	0.1 times(3)(4)	0.4 times(4)(5)
Earnings coverage on long-term debt, current liabilities and First Preferred Shares excluding non-cash impairment charges for Keystone XL and related projects	2.0 times(4)(6)(7)	2.0 times(4)(6)(8)

(1) The dollar amount of the numerator for this earnings coverage ratio that would be required to achieve a ratio of one-to-one is $1.823 billion. The Corporation's interest requirements for the 12 months ended December 31, 2015 after giving *pro forma* effect to the issuances of the January 2016 Notes, amounted to approximately $1.828 billion. The Corporation's earnings before interest expense and income tax for the 12-month period ended December 31, 2015 were approximately $0.248 billion, which is 0.1 times the Corporation's aggregate interest requirements for the period.

(2) The dollar amount of the numerator for this earnings coverage ratio that would be required to achieve a ratio of one-to-one is $2.141 billion. The Corporation's interest requirements for the 12 months ended December 31, 2015 after giving *pro forma* effect to the issuances of the January 2016 Notes, amounted to approximately $2.146 billion. The Corporation's earnings before interest expense and income tax for the 12-month period ended December 31, 2015 were approximately $0.896 billion, which is 0.4 times the Corporation's aggregate interest requirements for the period.

(3) The dollar amount of the numerator for this earnings coverage ratio that would be required to achieve a ratio of one-to-one is $1.970 billion.

(4) Gives effect to the dividends declared on the Corporation's outstanding Series 1 Shares, Series 2 Shares, Series 3 Shares, Series 4 Shares, Series 5 Shares, Series 6 Shares, Series 7 Shares, Series 9 Shares, Series 11 Shares and Series 13 Shares issuable pursuant to this prospectus supplement.

(5) The dollar amount of the numerator for this earnings coverage ratio that would be required to achieve a ratio of one-to-one is $2.288 billion. The Corporation's interest requirements for the 12 months ended December 31, 2015 after giving *pro forma* effect to the issuances of the January 2016 Notes, amounted to approximately $2.293 billion. The Corporation's earnings before interest expense and income tax for the 12-month period ended December 31, 2015 were approximately $0.896 billion, which is 0.4 times the Corporation's aggregate dividend and interest requirements for the period.

(6) Excludes the non-cash impairment charges for the Keystone XL and related projects of $2.891 billion (after tax).

(7) The dollar amount of the numerator for this earnings coverage ratio that would be required to achieve a ratio of one-to-one is $1.970 billion. The Corporation's interest requirements for the 12 months ended December 31, 2015 after giving *pro forma* effect to the issuances of the January 2016 Notes, amounted to approximately $1.975 billion. The Corporation's earnings before interest expense and income tax for the 12-month period ended December 31, 2015, excluding the non-cash impairment charges for Keystone XL and related projects, were approximately $3.934 billion, which is 2.0 times the Corporation's aggregate dividend and interest requirements for the period.

(8) The dollar amount of the numerator for this earnings coverage ratio that would be required to achieve a ratio of one-to-one is $2.288 billion. The Corporation's interest requirements for the 12 months ended December 31, 2015 after giving *pro forma* effect to the issuances of the January 2016 Notes, amounted to approximately $2.293 billion. The Corporation's earnings before interest expense and income tax for the 12-month period ended December 31, 2015, including the *pro forma* impact of the Acquisition and excluding the non-cash impairment charges for Keystone XL and related projects, were approximately $4.582 billion, which is 2.0 times the Corporation's aggregate dividend and interest requirements for the period.

The Corporation's dividend requirements on all of its issued and outstanding First Preferred Shares for the 12-month period ended December 31, 2015, after giving pro forma effect to the issuance of the Series 13 Shares to be distributed under this prospectus supplement and the intended use of proceeds therefrom, and adjusted to a before tax equivalent using an effective income tax rate of 32.13% amounted to approximately $146.874 million for the 12-months ended December 31, 2015. The Corporation's interest requirements for the 12-months ended December 31, 2015 after giving *pro forma* effect to the issuances of the January 2016 Notes, amounted to approximately $1.823 billion. The Corporation's earnings before interest expense and income tax for the 12-month period ended December 31, 2015 were approximately $0.248 billion, which is 0.1 times the Corporation's aggregate dividend and interest requirements for this period.

CREDIT RATINGS

The Series 13 Shares have been rated Pfd-2 (low) by DBRS Limited ("DBRS") and P-2 by Standard & Poor's ("S&P") (DBRS and S&P are each a "Rating Agency" and together the "Rating Agencies"). Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. The Rating Agencies' ratings for preferred shares range from a high of Pfd-1 to a low of D for DBRS and from a high of P-1 to a low of D for S&P.

According to the DBRS rating system, securities rated Pfd-2 are of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet, and coverage ratios are not as strong as Pfd-1 rated companies. Each rating category is denoted by the subcategories "high" and "low". Generally, Pfd-2 ratings correspond with companies whose senior bonds are rated in the A category. The absence of either a "high" or "low" designation indicates the rating is in the middle of the category. The Pfd-2 (low) rating that has been assigned to the Series 13 Shares is the second highest of six categories for preferred shares.

According to the S&P rating system, securities rated P-2 exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. The ratings from P-1 to P-5 may be modified by "high" and "low" grades which indicate relative standing within the major rating categories. The P-2 rating that has been assigned to the Series 13 Shares is the second highest of eight categories for preferred shares.

The credit ratings accorded to the Series 13 Shares by the Rating Agencies are not recommendations to purchase, hold or sell such shares inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a Rating Agency in the future if, in its judgment, circumstances so warrant. The lowering of any rating of the Series 13 Shares may negatively affect the quoted market price, if any, or value of such shares.

The Corporation paid fees to each of the Rating Agencies for the credit ratings rendered on the Series 13 Shares. The Corporation has also paid fees to each of the Rating Agencies for credit ratings provided on other outstanding classes of securities of the Corporation. Additional information relating to such other ratings is included under the heading "Credit Ratings" in the Annual Information Form. Other than those payments made in respect of credit ratings, no additional payments have been made to any of the Rating Agencies for any other services provided to the Corporation during the past two years.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the "Underwriting Agreement") dated April 13, 2016 between the Corporation and the Underwriters, the Corporation has agreed to sell an aggregate of 20,000,000 Series 13 Shares to the Underwriters, and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase from the Corporation, as principals, such Series 13 Shares at a price of $25.00 per Series 13 Share payable in cash against delivery on the Offering Closing Date. The Underwriting Agreement provides that, in consideration of the services of the Underwriters in connection with the Offering, the Corporation will pay the Underwriters a fee of $0.25 per Series 13 Share issued and sold by the Corporation to certain institutions by closing of the Offering, and $0.75 per Series 13 Share for all other Series 13 Shares issued and sold by the Corporation as part of the Offering, for an aggregate fee payable by the Corporation of $15,000,000, assuming that no Series 13 Shares are sold to such institutions. The Underwriters' fee is payable on the Offering Closing Date.

The terms of the Offering were established through negotiations between the Corporation and the Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several) and may be terminated at their discretion upon the occurrence of certain stated events. Such events include, but are not limited to: (a) there shall occur any change in the business, affairs, operations, assets, liabilities, earnings, capital or ownership or condition of the Corporation on a consolidated basis resulting in a misrepresentation in this prospectus supplement, the prospectus and the documents incorporated by reference therein, (b) as a result of investigations after the date hereof, the Underwriters (or any one of them) determine that there exists any fact or circumstance which existed prior to the date hereof and had not been disclosed prior to the date hereof, which in their sole opinion, acting reasonably, would be expected to have a material adverse effect on the market price or value of the Series 13 Shares; and (c) if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence, or any law or regulation, which in the reasonable opinion of the Underwriters may materially adversely affect or involve the financial markets or the business, operations or affairs of the Corporation and its subsidiaries, take as a whole or is expected to prevent, suspend or materially restrict the trading in the Series 13 Shares.

If an Underwriter fails to purchase the Series 13 Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Series 13 Shares, provided that, if the aggregate number of Series 13 Shares not purchased is less than or equal to 10% of the aggregate number of Series 13 Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Series 13 Shares not taken up, on a pro rata basis or as they may otherwise agree as between themselves. The Underwriters are, however, obligated to take up and pay for all Series 13 Shares if any Series 13 Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters and their respective directors, officers, shareholders, agents and employees against certain liabilities and expenses.

The Underwriters propose to offer the Series 13 Shares initially at the public offering price specified on the cover page of this prospectus supplement. After the Underwriters have made a reasonable effort to sell all of the Series 13 Shares offered by this prospectus supplement at the price specified herein, the offering price may be decreased and may be further changed from time to time to an amount not greater than $25.00. In the event the offering price of the Series 13 Shares is reduced, the compensation received by the Underwriters will be decreased by the amount by which the aggregate price paid by the purchasers for the Series 13 Shares is less than the gross proceeds paid by the Underwriters to the Corporation for the Series 13 Shares. Any such reduction will not affect the proceeds received by the Corporation.

Subscriptions for Series 13 Shares will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice.

The Corporation has applied to the TSX to list the Series 13 Shares and Series 14 Shares. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX. There can be no assurance that the Series 13 Shares and the Series 14 Shares will be accepted for listing on the TSX.

The Corporation has agreed that, subject to certain exceptions, it shall not issue or agree to issue any First Preferred Shares or other securities convertible into, or exchangeable for, First Preferred Shares prior to 60 days after the Offering Closing Date without the prior consent of TD Securities Inc., BMO Nesbitt Burns Inc. and Scotia Capital Inc. on behalf of the Underwriters, which consent shall not be unreasonably withheld. This 60 day period may be extended under certain circumstances.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Series 13 Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series 13 Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 13 Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

RELATIONSHIP BETWEEN THE CORPORATION AND CERTAIN OF THE UNDERWRITERS

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

Each of TD Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., National Bank Financial Inc. and Desjardins Securities Inc. is, directly or indirectly, a subsidiary of certain lenders (the "Lenders") which have extended credit facilities (collectively, the "Facilities") to the Corporation or its affiliates. Accordingly, the Corporation may be considered to be a "connected issuer" of such Underwriters under applicable securities legislation. The Facilities consist of the following committed unsecured syndicated facilities: a TCPL $3.0 billion amended and restated credit agreement; a TCPL U.S.$1.0 billion credit agreement; a TransCanada PipeLine USA Ltd. U.S.$0.5 billion credit agreement; a TransCanada American Investments Ltd. and TransCanada Power Marketing Ltd., as co-borrowers, U.S.$1.5 billion credit agreement and a Trans Québec & Maritimes Pipeline Inc. $135 million revolving amended and restated credit agreement; and certain other unsecured demand bank facilities with aggregate commitments of approximately $1.5 billion. As of March 31, 2016 the Corporation had approximately $1.021 billion outstanding under the Facilities. Royal Bank of Canada and The Toronto-Dominion Bank, inter alia, have provided the Corporation with a commitment letter for the Acquisition Credit Facilities (see the Acquisition MCR incorporated by reference in the prospectus and "Recent Developments — Closing of Subscription Receipt Offering").

As of the date hereof, the Corporation and its affiliates are in compliance with all material terms of the agreements governing the Facilities and none of the Lenders has waived any breach by the Corporation or its affiliates of those agreements since the Facilities were established. The financial position of the Corporation has not changed substantially and adversely since the indebtedness under the Facilities was incurred. None of the Lenders have been or will be involved in the decision to offer the Series 13 Shares and none have been or will be involved in the determination of the terms of any distribution of Series 13 Shares. Proceeds from the sale of

Series 13 Shares may be used to reduce indebtedness which the Corporation or its subsidiaries may have with one or more Lenders which are related to an Underwriter or may be invested in short-term deposits or securities, including of or with the Underwriters or their affiliates. See "Use of Proceeds".

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Norton Rose Fulbright Canada LLP, counsel to the Underwriters, the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations generally applicable under the provisions of the Tax Act to a prospective purchaser of Series 13 Shares pursuant to this prospectus supplement who, at all relevant times, for the purposes of the Tax Act, is (or is deemed to be) resident in Canada, holds the Series 13 Shares and will hold the Series 14 Shares, as applicable, as capital property, and deals at arm's length with the Corporation and the Underwriters and is not affiliated with the Corporation or the Underwriters (a "Holder"). Generally, the Series 13 Shares or Series 14 Shares will be considered to be capital property to a Holder provided the Holder does not hold the shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who might not otherwise be considered to hold their Series 13 Shares or Series 14 Shares as capital property may, in certain circumstances, be entitled to have them and all other "Canadian securities" (as defined in the Tax Act) owned by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Holders who do not hold their Series 13 Shares or will not hold their Series 14 Shares, as applicable, as capital property should consult their own tax advisers with respect to their own particular circumstances.

This summary is not applicable to a Holder (i) that is a "financial institution" for purposes of certain rules in the Tax Act (referred to as the mark-to-market rules applicable to securities held by financial institutions), (ii) an interest in which is a "tax shelter investment", (iii) that is a "specified financial institution", (iv) that reports its "Canadian tax results" in a currency other than the Canadian currency, or (v) that has entered, or will enter, into a "derivative forward agreement" with respect to the Series 13 Shares or Series 14 Shares, each as defined in the Tax Act. Such Holders should consult their own tax advisors.

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

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Holders are urged to consult their own legal and tax advisors with respect to the tax consequences to them of acquiring the Series 13 Shares or Series 14 Shares, having regard to their particular circumstances.

Dividends

Dividends received or deemed to be received on the Series 13 Shares or Series 14 Shares, as the case may be, held by a Holder will be included in computing the Holder's income for the purposes of the Tax Act. Such dividends received by a Holder who is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Corporation as eligible dividends in accordance with the provisions of the Tax Act. By notice in writing on the

Corporation's website, the Corporation has advised its shareholders that all dividends paid by the Corporation will be "eligible dividends" unless the Corporation otherwise notifies its shareholders.

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

A Holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act (as proposed to be amended by Proposed Amendments released on July 31, 2015) will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations are urged to consult their own tax advisors having regard to their particular circumstances.

A Holder that is a "private corporation" or "subject corporation" (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax of 38⅓% of dividends received or deemed to be received on the Series 13 Shares or Series 14 Shares, as the case may be, to the extent such dividends are deductible in computing the Holder's taxable income. A Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income", which is defined in the Tax Act to include dividends received or deemed to be received that are not deductible in computing income for a year.

The Series 13 Shares and the Series 14 Shares will be "taxable preferred shares" as defined in the Tax Act. The terms of the Series 13 Shares and the Series 14 Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 13 Shares or the Series 14 Shares.

Dispositions

A Holder who disposes of or is deemed to dispose of Series 13 Shares or Series 14 Shares (on the redemption of such shares or otherwise but not including on a conversion of Series 13 Shares into Series 14 Shares, a conversion of Series 14 Shares into Series 13 Shares, a tax-deferred transaction or a disposition to the Corporation that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in the open market) will generally realize a capital gain (or a capital loss) to the extent that the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the Holder. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by the Corporation of Series 13 Shares or Series 14 Shares, as the case may be, will generally not be included in computing the Holder's proceeds of disposition for purposes of computing the capital gain (or capital loss) arising on the disposition of such Series 13 Shares or Series 14 Shares, as the case may be. See "— Redemption" below.

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

The amount of any capital loss realized by a Holder that is a corporation on the disposition of a Series 13 Share or Series 14 Share, as the case may be, may be reduced by the amount of dividends received or deemed to be received by it on the Series 13 Share or Series 14 Share (or on a share for which the share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Series 13 Shares or Series 14 Shares.

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

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

Redemption

If the Corporation redeems Series 13 Shares or Series 14 Shares, or otherwise acquires or cancels Series 13 Shares or Series 14 Shares (other than by a purchase by the Corporation of the shares in the open market in the manner in which shares are normally purchased by any member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See "— Dispositions" above. In the case of a Holder that is a corporation, it is possible that in certain circumstances all or part of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

Conversion

The conversion of Series 13 Shares into Series 14 Shares and the conversion of Series 14 Shares into Series 13 Shares will not constitute a disposition of property for purposes of the Tax Act and, accordingly, will not give rise to a capital gain or capital loss. The cost to a Holder of the Series 14 Shares or Series 13 Shares, as the case may be, received on the conversion will, subject to the cost averaging rules contained in the Tax Act for identical properties, be deemed to be equal to the Holder's adjusted cost base of the converted Series 13 Shares or Series 14 Shares, as the case may be, immediately before the conversion.

ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Norton Rose Fulbright Canada LLP, counsel to the Underwriters, subject to the provisions of any particular plan, the Series 13 Shares offered hereby, if issued on the date hereof, generally would be qualified investments under the Tax Act and the Regulations for a trust governed by a registered retirement savings plan ("RRSP"), a registered retirement income fund ("RRIF"), a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan, or a tax free savings account ("TFSA").

Notwithstanding that the Series 13 Shares may be qualified investments for a trust governed by an RRSP, RRIF or a TFSA, the annuitant under an RRSP or RRIF or the holder of a TFSA may be subject to a penalty tax if such Series 13 Shares are "prohibited investments" for the RRSP, RRIF or TFSA within the meaning of the Tax Act. The Series 13 Shares will generally not be a "prohibited investment" provided that the annuitant under the RRSP or RRIF or the holder of the TFSA, as the case may be, deals at arm's length with the Corporation for purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act) in the Corporation. **Prospective investors who intend to hold Series 13 Shares or Series 14 Shares in their TFSA, RRSP or RRIF are urged to consult their own tax advisors regarding their particular circumstances.**

RISK FACTORS

An investment in the Series 13 Shares offered hereunder involves certain risks. In addition to the other information contained in this prospectus supplement and the accompanying prospectus, and in the documents incorporated by reference therein, prospective purchasers of Series 13 Shares should consider carefully the risk factors set forth below, as well as the risk factors referenced in the accompanying prospectus under the heading "Risk Factors".

Risks Related to the Series 13 Shares

Market for Securities

There is currently no market through which the Series 13 Shares may be sold and purchasers of Series 13 Shares may not be able to resell the Series 13 Shares purchased under this prospectus supplement. The price offered to the public for the Series 13 Shares and the number of Series 13 Shares to be issued have been determined by negotiations among the Corporation and the Underwriters. The price paid for each Series 13 Share may bear no relationship to the price at which the Series 13 Shares will trade in the public market subsequent to this Offering. The Corporation cannot predict at what price the Series 13 Shares will trade and there can be no assurance that an active trading market will develop for the Series 13 Shares or, if developed, that such market will be sustained. The Corporation has applied to list and post for trading the Series 13 Shares and Series 14 Shares on the TSX. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX. There can be no assurance that the Series 13 Shares and Series 14 Shares will be accepted for listing on the TSX.

Market Price

The market price of the Series 13 Shares and Series 14 Shares may fluctuate due to a variety of factors relative to the Corporation's business, including announcements of new developments, fluctuations in the Corporation's operating results, sales of the Series 13 Shares and Series 14 Shares in the marketplace, failure to meet analysts' expectations, any public announcements made in regard to this Offering, the impact of various tax laws or rates and general market conditions or the worldwide economy. In recent years, stock markets have experienced significant price fluctuations, which have been unrelated to the operating performance of the affected companies. There can be no assurance that the market price of the Series 13 Shares and Series 14 Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance.

Prevailing yields on similar securities will affect the market value of the Series 13 Shares and Series 14 Shares. Assuming all other factors remain unchanged, the market value of the Series 13 Shares and Series 14 Shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series 13 Shares and Series 14 Shares in an analogous manner.

Dividends

The Corporation's payment of dividends on the Series 13 Shares and Series 14 Shares will be funded from dividends the Corporation receives as the sole common shareholder of TCPL. Provisions of various trust indentures and credit arrangements to which TCPL is a party restrict TCPL's ability to declare and pay dividends to the Corporation, and of the Corporation to declare and pay dividends, under certain circumstances and, if such restrictions apply, they may, in turn, have an impact on the Corporation's ability to declare and pay dividends on the Series 13 Shares and Series 14 Shares.

All of our business activities are conducted by our direct and indirect wholly-owned subsidiaries or affiliates. The Series 13 Shares and Series 14 Shares will be obligations exclusively of TransCanada Corporation. Our subsidiaries will not guarantee the payment of dividends on the Series 13 Shares or Series 14 Shares. The Series 13 Shares and Series 14 Shares will, therefore, be effectively subordinated to all existing and future obligations of our subsidiaries as a result of the Corporation being a holding company.

Investments in the Series 14 Shares, given their floating interest component, entail risks not associated with investments in the Series 13 Shares. The resetting of the applicable rate on a Series 14 Share may result in a lower yield compared to fixed rate Series 13 Shares. The applicable rate on a Series 14 Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which the Corporation has no control. See "Details of the Offering — Certain Provisions of the Series 14 Shares — Dividends on Series 14 Shares".

Declaration and Payment of Dividends

Holders of Series 13 Shares and Series 14 Shares do not have a right to dividends on such shares unless declared by the board of directors of the Corporation. The declaration of dividends is in the discretion of the board of directors even if the Corporation has sufficient funds, net of its liabilities, to pay such dividends.

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

Credit Ratings

The credit ratings applied to the Series 13 Shares are an assessment, by the Rating Agencies, of the Corporation's ability to pay its obligations. The credit ratings are based on certain assumptions about the future performance and capital structure of the Corporation that may or may not reflect the actual performance or capital structure of the Corporation. Changes in credit ratings of the Series 13 Shares may affect the market price or value and the liquidity of the Series 13 Shares. There is no assurance that any credit rating assigned to the Series 13 Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. See "Credit Ratings".

Insolvency or Winding-Up

The Series 13 Shares and Series 14 Shares are equity capital of the Corporation which rank equally with other First Preferred Shares, if any, in the event of an insolvency or winding-up of the Corporation. If the Corporation becomes insolvent or is wound up, the Corporation's assets must be used to pay liabilities and other debt before payments may be made on the Series 13 Shares, Series 14 Shares and other First Preferred Shares, if any.

Automatic Conversion

An investment in the Series 13 Shares may become an investment in Series 14 Shares without the consent of the holder in the event of an automatic conversion of the Series 13 Shares into Series 14 Shares. Upon such automatic conversion, the dividend rate on the Series 14 Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time while, upon the automatic conversion of the Series 14 Shares into Series 13 Shares, the dividend rate on the Series 13 Shares will be, for each five-year period, a fixed rate that is determined by reference to the Government of Canada Yield on the 30th day prior to the first day of each such five-year period. In addition, holders may be prevented from converting their Series 13 Shares into Series 14 Shares in certain circumstances. See "Details of the Offering".

No Fixed Maturity

Neither the Series 13 Shares nor the Series 14 Shares have a fixed maturity date and are not redeemable at the option of the holders of Series 13 Shares or the Series 14 Shares, as applicable. The ability of a holder to liquidate its holdings of Series 13 Shares and the Series 14 Shares, as applicable, may be limited.

Redeemable

The Corporation may choose to redeem the Series 13 Shares and/or Series 14 Shares from time to time, in accordance with its rights described under "Details of the Offering — Certain Provisions of the Series 13 Shares — Redemption of Series 13 Shares" and "Details of the Offering — Certain Provisions of the Series 14 Shares — Redemption of Series 14 Shares", including when prevailing interest rates are lower than the yields borne by the Series 13 Shares and Series 14 Shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the Series 13 Shares or Series 14 Shares being redeemed. The Corporation's redemption right may also adversely impact a purchaser's ability to sell Series 13 and Series 14 Shares.

Risks Relating to the Acquisition

Information provided by Columbia

All information relating to Columbia included herein or incorporated by reference in the prospectus is based on public filings by Columbia. Although the Corporation has conducted what it believes to be a prudent and thorough level of investigation in connection with the Acquisition, an unavoidable level of risk remains regarding the accuracy and completeness of such information.

Historical Financial Information and Pro Forma Financial Information

The historical financial information relating to Columbia included herein, including such information used to prepare the *pro forma* financial information, has been derived on a historical basis from the historical accounting records of Columbia. The historical financial information may not reflect what Columbia's financial position, results of operations or cash flows would have been had the Corporation owned all of the outstanding shares of capital stock of Columbia during the period presented or what the Corporation's financial position, results of operations or cash flows will be in the future. The historical financial information does not contain any adjustments to reflect changes that may occur in the Corporation's cost structure, financing and operations as a result of the Acquisition.

In preparing the *pro forma* financial information included herein, the Corporation has given effect to, among other items, the Subscription Receipt Offering and the completion of the Acquisition. The assumptions and estimates underlying the *pro forma* financial information may be materially different from the Corporation's actual experience going forward. See "Caution Regarding Unaudited *Pro Forma* Condensed Consolidated Financial Statements" and "Forward-Looking Information".

Closing of the Acquisition and Treatment of Subscription Receipt Offering Proceeds

As described in the Acquisition MCR incorporated by reference in the prospectus, the closing of the Acquisition is subject to certain conditions. TCPL intends to consummate the Acquisition within six business days of meeting such conditions. However, there can be no assurance that such conditions to the closing of the Acquisition will be satisfied on schedule or at all. As such, there is no assurance that the Acquisition will be completed or, if completed, will be on the terms disclosed in this prospectus supplement and the documents incorporated by reference in the prospectus. If the required notice is not delivered to the Subscription Receipt agent in accordance with the terms of the Subscription Receipt Agreement on or prior to 5:00 p.m. (Calgary time) on March 17, 2017 or if certain events specified in the Subscription Receipt Agreement occur, the Subscription Receipt agent will be required to return the gross proceeds of the Subscription Receipt Offering to the holders of Subscription Receipts and the Corporation will be contractually required to provide the Subscription Receipt agent with sufficient funds to cover any shortfall resulting from the payment of dividend equivalent payments on the Subscription Receipts or otherwise. Accordingly, the Corporation could incur substantial costs associated with the Subscription Receipt Offering without realizing any of the expected benefits of the Acquisition.

A substantial delay in obtaining regulatory approvals or the imposition of unfavourable terms and/or conditions in such approvals could have a material adverse effect on the Corporation's ability to complete the Acquisition and on the Corporation's or Columbia's business, financial condition or results of operations.

In addition, in the event that regulatory agencies impose unfavourable terms and/or conditions on the Corporation or Columbia (such as a requirement to sell or divest of certain assets or limitations on the future conduct of the combined entities), the Corporation may still be required to complete the transaction on the terms set forth in the Merger Agreement.

Unexpected Costs or Liabilities Related to the Acquisition

Although the Corporation conducted what it believed to be a prudent and thorough level of investigation in connection with the Acquisition, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, Columbia. Following the Acquisition, the Corporation may discover that it has acquired substantial undisclosed liabilities. In addition, the Corporation may be unable to retain existing Columbia customers or employees following the Acquisition. Following the closing of the Acquisition, the Corporation will have no right to claim indemnification under the Merger Agreement for any such events. The existence of undisclosed liabilities, the Corporation's inability to retain existing Columbia customers or employees and the inability to claim indemnification could, however, have an adverse impact on the Corporation's business, financial condition, results of operations and cash flows.

Although the Merger Agreement contains covenants on the part of Columbia regarding the operation of its business prior to closing the Acquisition, the Corporation will not control Columbia and its subsidiaries until completion of the Acquisition and the Columbia business and results of operations may be adversely affected by events that are outside of the Corporation's control during the intervening period. Historic and current performance of Columbia's business and operations may not be indicative of success in future periods. The future performance of Columbia may be influenced by, among other factors, economic downturns, increased environmental regulation, turmoil in financial markets, unfavourable regulatory decisions, rising interest rates and other factors beyond the Corporation's control. As a result of any one or more of these factors, among others, the operations and financial performance of Columbia may be negatively affected during such period which may adversely affect the future financial results of the Corporation.

Integration of Columbia

The ability to realize the anticipated benefits of the Acquisition will depend in part on the Corporation successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the ability of the Corporation to realize the anticipated growth and potential synergies from integrating Columbia's business into the Corporation's current operations following the Acquisition. To effectively integrate Columbia into its current operations, the Corporation must establish appropriate operational, administrative, finance, management systems and controls and marketing functions relating to Columbia. This will require substantial attention from the Corporation's management team. This diversion of management attention, as well as any other difficulties which the Corporation may encounter in completing the transition and integration process, could have an adverse impact on the Corporation's business, financial condition, results of operations and cash flows. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the ability of the Corporation to achieve all or some of the anticipated benefits of the Acquisition. There can be no assurance that the Corporation will be successful in integrating Columbia's operations, or that the expected benefits will be realized.

Foreign Currency Exposure

After giving effect to the Acquisition, a significantly increased portion of the Corporation's earnings and net assets will be denominated in U.S. dollars. Accordingly, fluctuations in exchange rates between the Canadian and U.S. dollar may have an increased adverse effect on the Corporation's results and financial condition. Future events that may significantly increase or decrease the risk of future movement in the exchange rates for these currencies cannot be predicted.

Failure to Realize the Anticipated Benefits of the Acquisition

The Corporation believes that the Acquisition will provide certain benefits to the Corporation and its shareholders. There is, however, a risk that some or all of the expected benefits of the Acquisition may fail to materialize, or may not occur within the time periods anticipated by the Corporation. The realization of such benefits may be affected by a number of factors including those disclosed in this prospectus supplement and the documents incorporated by reference in the prospectus, many of which are beyond the control of the Corporation. If the Acquisition fails to provide the results that the Corporation anticipates, the Acquisition could materially and adversely affect the Corporation and its financial results.

Increased Indebtedness

If the Acquisition is completed on the terms contemplated in the Merger Agreement, the Corporation anticipates that the borrowers under the Acquisition Credit Facilities will borrow up to U.S.$6.9 billion, subject to utilizing alternative sources of financing. Such borrowings will represent a significant increase in the Corporation's consolidated indebtedness. Such additional indebtedness will increase the Corporation's interest expense and debt service obligations and may have a negative effect on the Corporation's results of operations. In addition, all of Columbia's existing indebtedness will be included in the Corporation's consolidated indebtedness upon closing of the Acquisition. As of December 31, 2015, Columbia and its subsidiaries had U.S.$2.8 billion in outstanding indebtedness, comprised of U.S.$2.75 billion in aggregate principal amount of its senior notes and U.S.$15 million under Columbia MLP's credit facility.

The Corporation's existing and future level of debt, including the addition of Columbia's and Columbia MLP's future level of debt, could have important consequences to the Corporation, including the following:

- the Corporation's ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;
- the funds that the Corporation has available for operations and payment of dividends to shareholders will be reduced by that portion of the Corporation's cash flow required to make principal and interest payments on outstanding debt; and
- the Corporation's debt level could make the Corporation more vulnerable than its competitors with less debt to competitive pressures or a downturn in the Corporation's business or the economy generally.

The Corporation's ability to service its increased debt will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions, interest rate fluctuations and financial, business, regulatory and other factors, some of which are beyond the Corporation's control. If the Corporation's operating results are not sufficient to service its current or future indebtedness, the Corporation may be forced to take actions such as reducing dividends, reducing or delaying business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt, or seeking additional equity capital. It is currently contemplated that a portion of the Acquisition Credit Facilities will be repaid from the proceeds of asset sales within 24 months following completion of the Acquisition. The Corporation may not be able to effect any of these actions on satisfactory terms, or at all.

The Corporation currently has an investment grade credit rating from S&P, Moody's Investors Service Inc. and DBRS. However, its credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. The increased indebtedness of the Corporation arising from the Acquisition could be a factor considered by ratings agencies in downgrading the Corporation's credit rating. If a rating agency were to downgrade the Corporation's rating below investment grade, the Corporation's borrowing costs would increase and its funding sources could decrease. In addition, a failure by the Corporation to maintain an investment grade credit rating could affect its business relationships with suppliers and operating partners. A credit downgrade could also adversely affect the availability and cost of capital needed to fund the growth investments that are a central element of the Corporation's long-term business strategy.

Significant Transaction and Related Costs

The Corporation expects to incur a number of costs associated with completing the Acquisition and integrating the operations of the Corporation and Columbia. The substantial majority of such costs will be non-recurring expenses resulting from the Acquisition and will consist of transaction costs related to the Acquisition, facilities and systems consolidation costs and employment-related costs. Additional unanticipated costs may be incurred in the integration of the Corporation and Columbia's respective businesses.

Risks Related to Columbia

The principal business of Columbia is the operation of natural gas pipelines and natural gas storage facilities and, accordingly, the Corporation believes, based on its investigation in connection with the Acquisition and subject to the risk factor noted above under "Risks Relating to the Acquisition — Unexpected Costs or Liabilities Related to the Acquisition", that the risk factors relating to Columbia's business are generally the same as those disclosed by the Corporation under the headings "Natural Gas Pipelines — Business Risks" and "Other Information — Risks and Risk Management" in the 2015 MD&A.

In addition, certain aspects of Columbia's business and structure which are specific to Columbia may present additional risks to the combined business of the Corporation following the completion of the Acquisition. Additional risks specifically related to Columbia are described below.

Marcellus and Utica basin supply for downstream connecting pipelines

Columbia's natural gas pipelines and transmission infrastructure assets depend largely on supply from the Marcellus and Utica basins. We will monitor any changes in Columbia's customers' gas production plans and how these changes may impact Columbia's existing assets and growth projects. There is competition for this supply from several pipelines within the basin. An overall decrease in production and/or competing demand for supply could impact throughput on pipelines connected to the Marcellus and Utica basins that, in turn, could impact future overall revenues generated. The amount actually produced from the Marcellus and Utica basins depends on many variables, including the price of natural gas, basin-on-basin competition, downstream pipeline tolls, demand within the basins and the overall value of the reserves, including liquids content.

Concentration of Business with Key Customers

Columbia is subject to risks of loss resulting from non-performance or non-renewal by its customers. Columbia depends on certain key customers for a significant portion of its revenues. In addition, Columbia is making significant capital expenditures to expand its existing assets and construct new energy infrastructure based on long-term contracts with customers, including natural gas producers who may be adversely impacted by sustained low commodity prices. Columbia's credit support arrangements may not be adequate to fully eliminate customer credit risk. The Corporation may not be able to effectively remarket capacity related to nonperforming customers. The deterioration in the creditworthiness of Columbia's customers or the failure of its customers to meet their contractual obligations could have an adverse effect on the Corporation's business, results of operations, financial condition, growth plans and ability to pay dividends to its shareholders.

Execution of Capital Projects

Columbia has embarked on a significant expansion of their pipeline systems. The Corporation's ability to achieve targeted returns depends on delivering projects on time and on budget. Execution of these major projects can be affected by delays in permitting, development and/or construction which may impact capital costs. Additionally, there are certain termination rights within the shipping contracts which are triggered if milestones are not achieved by certain dates.

The cost of executing these projects may be higher than budgeted. Cost overruns are partially borne by Columbia under the shipping contracts which will ultimately affect actual returns associated with the project or projects.

Aging Pipeline Systems

The Columbia Gulf and Columbia Gas Transmission pipeline systems have been in operation for many years, with some portions of these pipelines being more than 50 years old. Segments of the Columbia Gulf and Columbia Gas Transmission pipeline systems are located in or near areas determined to be high consequence areas. Columbia implements integrity management testing of the pipelines that its operates, including the Columbia Gulf and Columbia Gas Transmission pipelines, and it repairs, remediates or replaces segments on those pipelines as necessary when anomaly conditions are identified during the integrity testing process or are determined to have occurred during the course of operations. TransCanada expects to invest significant capital over the next several years to replace aging infrastructure, including replacement of the relatively older pipe found on the Columbia Gas Transmission system. If, due to their age, these pipeline sections were to become unexpectedly unavailable for current or future volumes of natural gas because of repairs, damage, spills or leaks, or any other reason, it could have a material adverse impact on the Corporation's financial condition and results of operation.

Tax Treatment of Distribution

NiSource received an opinion from its counsel confirming the tax-free status of the distribution of Columbia common stock to NiSource stockholders (the "Distribution"). NiSource's receipt of the opinion was a condition to the completion of the Distribution. The opinion was based upon various factual representations and assumptions, as well as certain undertakings made by Columbia and NiSource. If any of those factual representations or assumptions are untrue or incomplete in any material respect, any undertaking is not complied with, or the facts upon which the opinion was based are materially different from the facts at the time of the Distribution, the Distribution may not qualify for tax-free treatment. Opinions of counsel are not binding on the Internal Revenue Service ("IRS") or the courts. As a result, the conclusions expressed in an opinion of counsel could be challenged by the IRS, and if the IRS prevails in such challenge, the tax consequences could have an adverse effect on Columbia, NiSource or the Corporation.

If the Distribution ultimately is determined to be taxable, NiSource would recognize gain in an amount equal to the excess of the fair market value of the shares of Columbia's common stock distributed to NiSource stockholders on the date of the Distribution over NiSource's tax basis in such shares as of such date. Under the terms of the Tax Allocation Agreement that Columbia entered into in connection with the Distribution (the "Tax Allocation Agreement"), in the event that the Distribution were determined to be taxable as the result of actions taken after the Distribution by Columbia or any of its subsidiaries, Columbia would be responsible for all taxes imposed on NiSource as a result thereof. In addition, in the event the Distribution were determined to be taxable and neither Columbia nor NiSource were at fault, Columbia would be responsible for a portion of the taxes imposed on NiSource as a result of such determination. Any such tax amounts could be significant.

Indemnification Obligations and Assumption of Liabilities from the Distribution

Pursuant to the Separation and Distribution Agreement entered into between Columbia and NiSource in connection with the Distribution (the "Separation and Distribution Agreement") and certain other agreements, NiSource agreed to indemnify Columbia from certain liabilities and Columbia agreed to indemnify NiSource for certain liabilities. Claims made against Columbia under such indemnities could have a significant adverse impact on the Corporation.

Columbia negotiated all of its agreements with NiSource relating to the Separation as a wholly owned subsidiary of NiSource. If these agreements had been negotiated with unaffiliated third parties, they might have been more favorable to Columbia. Pursuant to the Separation and Distribution Agreement, Columbia assumed all past, present and future liabilities (other than certain tax liabilities which will be governed by the Tax Allocation Agreement) related to Columbia's business, and agreed to indemnify NiSource for these liabilities, among other matters. Such liabilities include unknown liabilities that could be significant. The allocation of assets and liabilities between NiSource and Columbia may not reflect the allocation that would have been reached between two unaffiliated parties. In addition, Columbia has limited remedies under the Separation and Distribution Agreement. See Note 1A, "Company Structure and Basis of Presentation" in the audited consolidated financial statements of Columbia as at and for the years ended December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015 included in Annex A hereto for a description of these obligations and the allocation of liabilities between NiSource and Columbia.

Third parties may seek to hold Columbia responsible for retained liabilities of NiSource. Under the agreements Columbia entered into with NiSource, NiSource agreed to indemnify Columbia for claims and losses relating to these retained liabilities. However, if those liabilities are significant and Columbia is ultimately held liable for them, it cannot be assured that the Corporation will be able to recover the full amount of Columbia's losses from NiSource.

Under the Separation and Distribution Agreement, NiSource is obligated to indemnify Columbia for losses that a party may seek to impose upon Columbia or its affiliates for liabilities relating to the business of NiSource that are incurred through a breach of the Separation and Distribution Agreement or any ancillary agreement by NiSource or its affiliates other than Columbia or its post-Separation affiliates, or losses that are attributable to NiSource in connection with the Separation or are not expressly assumed by Columbia under its agreements with NiSource. Immediately following the Separation, any claims made against Columbia that are properly attributable to NiSource in accordance with these arrangements would require Columbia to exercise its rights under its agreements with NiSource to obtain payment. Upon completion of the Acquisition, the Corporation is exposed to the risk that, in these circumstances, NiSource cannot, or will not, make the required payment.

Potential Treatment of Distribution as Fraudulent Conveyance

A court could deem the Distribution or certain internal restructuring transactions undertaken by NiSource in connection with the Separation to be a fraudulent conveyance or transfer. Fraudulent conveyances or transfers are defined to include transfers made or obligations incurred with the actual intent to hinder, delay or defraud current or future creditors or transfers made or obligations incurred for less than reasonably equivalent value when the debtor was insolvent, or that rendered the debtor insolvent, inadequately capitalized or unable to pay its debts as they become due. A court could void the transactions or impose substantial liabilities upon Columbia, which could adversely affect the Corporation's results of operations, cash flows and financial condition. Among other things, the court could require the Corporation, as shareholder of Columbia, to return to NiSource, for the benefit of its creditors, some or all of the shares of Columbia's common stock issued in the Distribution, or require Columbia to fund liabilities of other companies involved in the restructuring transaction. Whether a transaction is a fraudulent conveyance or transfer under applicable state law may vary depending upon the jurisdiction whose law is being applied.

LEGAL MATTERS

Certain legal matters relating to Canadian law in connection with the Series 13 Shares offered hereby will be passed upon on behalf of the Corporation by Blake, Cassels & Graydon LLP, and on behalf of the Underwriters by Norton Rose Fulbright Canada LLP.

INTERESTS OF EXPERTS

As at the date of this prospectus supplement, the partners and associates of Blake, Cassels & Graydon LLP, as a group, and the partners and associates of Norton Rose Fulbright Canada LLP, as a group, beneficially own, directly or indirectly, less than 1% of any class of securities of the Corporation. In connection with the audit of the Corporation's annual financial statements for the year ended December 31, 2015, KPMG LLP confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations. Deloitte & Touche LLP, an independent registered public accounting firm, is independent with respect to Columbia within the meaning of the U.S. Securities Act of 1933 and the applicable rules and regulations thereunder adopted by the U.S. Securities and Exchange Commission and the Public Company Accounting Oversight Board (United States).

AUDITORS, TRANSFER AGENT AND REGISTRAR

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

The auditors of Columbia are Deloitte & Touche LLP located in Columbus, Ohio.

The transfer agent and registrar for the Series 13 Shares and Series 14 Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta, and Toronto, Ontario.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

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ANNEX A

FINANCIAL STATEMENTS

Index to Financial Statements

COLUMBIA PIPELINE GROUP, INC.

INDEX TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

COLUMBIA PIPELINE GROUP, INC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Columbia Pipeline Group, Inc.
Houston, Texas

We have audited the accompanying consolidated balance sheets of Columbia Pipeline Group, Inc. and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related statements of consolidated and combined operations, comprehensive income, cash flows and equity for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated and combined financial statements present fairly, in all material respects, the financial position of the Columbia Pipeline Group, Inc. as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated and combined financial statements, on February 11, 2015 the Company completed the initial public offering of limited partner interests of Columbia Pipeline Partners LP for net proceeds of $1,168.4 million and as discussed in Note 1 on July 1, 2015 the Company completed its spin-off from NiSource Inc.

/s/ DELOITTE & TOUCHE LLP
Columbus, Ohio
February 18, 2016

(February 22, 2016 as to Note 27)

COLUMBIA PIPELINE GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(in millions)	December 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 930.9**	$ 0.5
Accounts receivable (less reserve of $0.6 and $0.6, respectively)	**152.4**	149.4
Accounts receivable-affiliated	**—**	180.0
Materials and supplies, at average cost	**32.8**	24.9
Exchange gas receivable	**19.0**	34.8
Deferred property taxes	**52.0**	48.9
Deferred income taxes	**—**	60.0
Prepayments and other	**48.5**	20.8
Total Current Assets	**1,235.6**	519.3
Investments		
Unconsolidated affiliates	**438.1**	444.3
Other investments	**13.8**	2.7
Total Investments	**451.9**	447.0
Property, Plant and Equipment		
Property, plant and equipment	**9,052.3**	7,935.4
Accumulated depreciation and amortization	**(2,988.6)**	(2,976.8)
Net Property, Plant and Equipment	**6,063.7**	4,958.6
Other Noncurrent Assets		
Regulatory assets	**177.7**	151.9
Goodwill	**1,975.5**	1,975.5
Postretirement and postemployment benefits assets	**115.7**	90.0
Deferred charges and other	**36.1**	15.2
Total Other Noncurrent Assets	**2,305.0**	2,232.6
Total Assets	**$10,056.2**	$ 8,157.5

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COLUMBIA PIPELINE GROUP, INC.

CONSOLIDATED BALANCE SHEETS (Continued)

(in millions, except share amounts)	December 31, 2015	December 31, 2014
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of long-term debt-affiliated	**$ —**	$ 115.9
Short-term borrowings	**15.0**	—
Short-term borrowings-affiliated	**—**	252.5
Accounts payable	**56.8**	56.0
Accounts payable-affiliated	**—**	53.6
Customer deposits	**17.9**	13.4
Taxes accrued	**106.0**	103.2
Interest accrued	**9.5**	—
Exchange gas payable	**18.6**	34.7
Deferred revenue	**15.0**	22.5
Accrued capital expenditures	**100.1**	61.1
Accrued compensation and related costs	**51.9**	31.2
Other accruals	**70.0**	40.1
Total Current Liabilities	**460.8**	784.2
Noncurrent Liabilities		
Long-term debt	**2,746.2**	—
Long-term debt-affiliated	**—**	1,472.8
Deferred income taxes	**1,348.1**	1,255.7
Accrued liability for postretirement and postemployment benefits	**49.4**	53.0
Regulatory liabilities	**321.6**	295.7
Asset retirement obligations	**25.7**	23.2
Other noncurrent liabilities	**91.4**	96.6
Total Noncurrent Liabilities	**4,582.4**	3,197.0
Total Liabilities	**5,043.2**	3,981.2
Commitments and Contingencies (Refer to Note 19)		
Equity		
Common stock, $0.01 par value, 2,000,000,000 shares authorized; 399,841,350 and no shares outstanding, respectively	**4.0**	—
Additional paid-in capital	**4,032.7**	—
Retained earnings	**46.9**	—
Net parent investment	**—**	4,210.8
Accumulated other comprehensive loss	**(27.0)**	(34.5)
Total CPG Equity	**4,056.6**	4,176.3
Noncontrolling Interest	**956.4**	—
Total Equity	**5,013.0**	4,176.3
Total Liabilities and Equity	**$10,056.2**	$ 8,157.5

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COLUMBIA PIPELINE GROUP, INC.

STATEMENTS OF CONSOLIDATED AND COMBINED OPERATIONS

Year Ended December 31, (in millions, except per share amounts)	2015	2014	2013
			Predecessor
Operating Revenues			
Transportation revenues	**$1,054.4**	$ 990.8	$ 850.9
Transportation revenues-affiliated	**47.5**	95.7	94.1
Storage revenues	**171.4**	144.0	142.8
Storage revenues-affiliated	**26.2**	53.2	53.6
Other revenues	**35.4**	64.3	39.1
Total Operating Revenues	**1,334.9**	1,348.0	1,180.5
Operating Expenses			
Operation and maintenance	**652.1**	628.4	509.0
Operating and maintenance-affiliated	**52.9**	123.2	118.6
Depreciation and amortization	**139.9**	118.8	107.0
Gain on sale of assets and impairment, net	**(52.9)**	(34.5)	(18.6)
Property and other taxes	**75.3**	67.1	62.2
Total Operating Expenses	**867.3**	903.0	778.2
Equity Earnings in Unconsolidated Affiliates	**60.5**	46.6	35.9
Operating Income	**528.1**	491.6	438.2
Other Income (Deductions)			
Interest expense	**(67.6)**	—	—
Interest expense-affiliated	**(29.3)**	(62.0)	(37.9)
Other, net	**29.3**	8.8	17.9
Total Other Deductions, net	**(67.6)**	(53.2)	(20.0)
Income from Continuing Operations before Income Taxes	**460.5**	438.4	418.2
Income Taxes	**153.0**	169.7	146.5
Income from Continuing Operations	**$ 307.5**	$ 268.7	$ 271.7
(Loss) Income from Discontinued Operations-net of taxes	**(0.4)**	(0.6)	9.0
Net Income	**$ 307.1**	$ 268.1	$ 280.7
Less: Net income attributable to noncontrolling interest	**39.9**		
Net Income Attributable to CPG	**$ 267.2**		
Amounts Attributable to CPG:			
Income from continuing operations	**$ 267.6**	$ 268.7	$ 271.7
(Loss) Income from discontinued operations-net of taxes	**(0.4)**	(0.6)	9.0
Net Income Attributable to CPG	**$ 267.2**	$ 268.1	$ 280.7
Basic Earnings Per Share			
Continuing operations	**$ 0.81**	$ 0.84	$ 0.86
Discontinued operations	**—**	—	0.03
Basic Earnings Per Share	**$ 0.81**	$ 0.84	$ 0.89
Diluted Earnings Per Share			
Continuing operations	**$ 0.81**	$ 0.84	$ 0.86
Discontinued operations	**—**	—	0.03
Diluted Earnings Per Share	**$ 0.81**	$ 0.84	$ 0.89
Basic Average Common Shares Outstanding	**328.5**	317.6	317.6
Diluted Average Common Shares	**329.1**	317.6	317.6
Dividends Declared Per Common Share	**$ 0.25**	$ —	$ —

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COLUMBIA PIPELINE GROUP, INC.

STATEMENTS OF CONSOLIDATED AND COMBINED COMPREHENSIVE INCOME

Year Ended December 31, (in millions, net of taxes)	2015	2014	2013 Predecessor
Net Income	**$307.1**	$268.1	$280.7
Other comprehensive income			
Net unrealized gain on cash flow hedges(1)	**0.2**	1.0	1.1
Unrecognized pension and OPEB benefit (costs)(2)(3)	**5.2**	(9.7)	8.2
Total other comprehensive income (loss)	**5.4**	(8.7)	9.3
Total Comprehensive Income	**312.5**	259.4	290.0
Less: Comprehensive Income-noncontrolling interest	**40.0**	—	—
Comprehensive Income-controlling interests	**$272.5**	$259.4	$290.0

(1) Net unrealized gain on derivatives qualifying as cash flow hedges, net of $0.2 million, $0.7 million and $0.6 million tax expense in 2015, 2014 and 2013, respectively.

(2) Unrecognized pension and other postretirement ("OPEB") benefit (costs), net of $1.2 million tax benefit, $6.1 million tax benefit, and $5.3 million tax expense in 2015, 2014 and 2013, respectively.

(3) Unrecognized pension and OPEB costs are primarily related to pension and OPEB remeasurement recorded during 2015.

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COLUMBIA PIPELINE GROUP, INC.
STATEMENTS OF CONSOLIDATED AND COMBINED CASH FLOWS

Year Ended December 31, (in millions)	2015	2014	2013
			Predecessor
Operating Activities			
Net Income	**$ 307.1**	$ 268.1	$ 280.7
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:			
Depreciation and amortization	**139.9**	118.8	107.0
Deferred income taxes and investment tax credits	**131.9**	142.6	173.9
Deferred revenue	**4.2**	1.6	(7.8)
Equity-based compensation expense and profit sharing contribution	**9.4**	6.3	2.2
Gain on sale of assets and impairment, net	**(52.9)**	(34.5)	(18.6)
Equity earnings in unconsolidated affiliates	**(60.5)**	(46.6)	(35.9)
Loss (income) from discontinued operations-net of taxes	**0.4**	0.6	(9.0)
Amortization of debt related costs	**3.1**	—	—
AFUDC equity	**(28.3)**	(11.0)	(6.8)
Distributions of earnings received from equity investees	**57.2**	37.8	32.1
Changes in Assets and Liabilities:			
Accounts receivable	**(17.4)**	(20.3)	2.8
Accounts receivable-affiliated	**34.7**	(3.6)	(10.1)
Accounts payable	**(5.0)**	2.8	5.5
Accounts payable-affiliated	**(53.6)**	12.4	16.3
Customer deposits	**(22.9)**	77.5	1.3
Taxes accrued	**8.2**	12.0	(33.8)
Interest accrued	**9.4**	—	—
Exchange gas receivable/payable	**(0.3)**	1.1	(0.5)
Other accruals	**50.2**	0.9	0.8
Prepayments and other current assets	**(27.1)**	(4.4)	21.7
Regulatory assets/liabilities	**20.2**	9.0	42.6
Postretirement and postemployment benefits	**(4.4)**	(1.3)	(115.3)
Deferred charges and other noncurrent assets	**(16.3)**	(4.3)	9.9
Other noncurrent liabilities	**6.5**	0.7	(15.6)
Net Operating Activities from Continuing Operations	**493.7**	566.2	443.4
Net Operating Activities (used for) from Discontinued Operations	**(0.2)**	(1.4)	13.8
Net Cash Flows from Operating Activities	**493.5**	564.8	457.2
Investing Activities			
Capital expenditures	**(1,181.0)**	(747.2)	(674.8)
Insurance recoveries	**2.1**	11.3	6.4
Changes in short-term lendings-affiliated	**145.5**	(57.2)	(3.2)
Proceeds from disposition of assets	**77.6**	9.3	15.4
Contributions to equity investees	**(1.4)**	(69.2)	(125.5)
Distributions from equity investees	**16.0**	—	—
Other investing activities	**(27.4)**	(7.1)	(9.2)
Net Cash Flows used for Investing Activities	**(968.6)**	(860.1)	(790.9)
Financing Activities			
Change in short-term borrowings	**15.0**	—	—
Change in short-term borrowings-affiliated	**(252.5)**	(467.1)	391.0
Issuance of long-term debt	**2,745.9**	—	—
Debt related costs	**(23.6)**	(6.4)	—
Issuance of long-term debt-affiliated	**1,217.3**	768.9	65.1
Payments of long-term debt-affiliated, including current portion	**(2,807.8)**	—	—
Proceeds from issuance of common units, net of offering costs	**1,168.4**	—	—
Issuance of common stock, net of offering costs	**1,394.7**	—	—
Distribution of IPO proceeds to parent	**(500.0)**	—	—
Distribution to parent	**(1,450.0)**	—	(123.0)
Distribution to noncontrolling interest	**(23.2)**	—	—
Dividends paid — common stock	**(79.5)**	—	—
Transfer from parent	**0.8**	—	—
Net Cash Flows from Financing Activities	**1,405.5**	295.4	333.1
Change in cash and cash equivalents	**930.4**	0.1	(0.6)
Cash and cash equivalents at beginning of period	**0.5**	0.4	1.0
Cash and Cash Equivalents at End of Period	**$ 930.9**	$ 0.5	$ 0.4

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COLUMBIA PIPELINE GROUP, INC.
STATEMENTS OF CONSOLIDATED AND COMBINED EQUITY

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Parent Investment	Accumulated Other Comprehensive Income (Loss)	Noncontrolling interest	Total
Balance as of January 1, 2013 — *Predecessor*	**$—**	**$ —**	**$ —**	**$ 3,778.4**	**$(35.1)**	**$ —**	**$ 3,743.3**
Net Income	—	—	—	280.7	—	—	280.7
Other comprehensive income, net of tax	—	—	—	—	9.3	—	9.3
Dividends to parent	—	—	—	(123.0)	—	—	(123.0)
Net transfers from parent	—	—	—	5.3	—	—	5.3
Balance as of December 31, 2013 — *Predecessor*	**$—**	**$ —**	**$ —**	**$ 3,941.4**	**$(25.8)**	**$ —**	**$ 3,915.6**
Net Income	—	—	—	268.1	—	—	268.1
Other comprehensive loss, net of tax	—	—	—	—	(8.7)	—	(8.7)
Net transfers from parent	—	—	—	1.3	—	—	1.3
Balance as of December 31, 2014	**$—**	**$ —**	**$ —**	**$ 4,210.8**	**$(34.5)**	**$ —**	**$ 4,176.3**
Net Income	—	—	126.4	140.8	—	39.9	307.1
Other comprehensive income, net of tax	—	—	—	—	5.3	0.1	5.4
Allocation of AOCI to noncontrolling interest	—	—	—	—	2.2	(2.2)	—
Issuance of common units of CPPL	—	—	—	—	—	1,168.4	1,168.4
Distribution of IPO proceeds to NiSource	—	—	—	(500.0)	—	—	(500.0)
Distribution to NiSource	—	—	—	(1,450.0)	—	—	(1,450.0)
Sale of interest in Columbia OpCo to CPPL(1)	—	—	—	227.1	—	(227.1)	—
Distributions to noncontrolling interest	—	—	—	—	—	(23.2)	(23.2)
Net transfers from NiSource prior to Separation	—	—	—	6.3	—	—	6.3
Reclassification of net parent investment to additional paid-in capital	—	2,635.0	—	(2,635.0)	—	—	—
Issuance of common stock at Separation	3.2	(3.2)	—	—	—	—	—
Net transfers from NiSource subsequent to Separation	—	1.0	—	—	—	0.5	1.5
Issuance of common stock, net of offering costs	0.8	1,393.9	—	—	—	—	1,394.7
Long-term incentive plan	—	6.0	—	—	—	—	6.0
Common stock dividends	—	—	(79.5)	—	—	—	(79.5)
Balance as of December 31, 2015	**$ 4.0**	**$4,032.7**	**$ 46.9**	**$ —**	**$(27.0)**	**$ 956.4**	**$ 5,013.0**

(1) Represents the sale of an additional 8.4% limited partner interest in Columbia OpCo, recorded at the historical carrying value of Columbia OpCo's net assets after giving effect to the $1,168.4 million equity contribution. This decreases the noncontrolling interest by the same amount it increases the net parent investment because CPPL's purchase price for its additional 8.4% interest in Columbia OpCo exceeded book value.

The accompanying Notes to Consolidated and Combined Financial Statements are an integral part of these statements.

COLUMBIA PIPELINE GROUP, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Company Structure and Basis of Presentation. Columbia Pipeline Group, Inc. ("CPG") is a growth-oriented Delaware corporation formed by NiSource Inc. ("NiSource") on September 26, 2014 to own, operate and develop a portfolio of pipelines, storage and related midstream assets. CPG owns and operates, through its subsidiaries, approximately 15,000 miles of strategically located interstate gas pipelines extending from New York to the Gulf of Mexico and one of the nation's largest underground natural gas storage systems, with approximately 300 MMDth of working gas capacity, as well as related gathering and processing assets. CPG indirectly owns the general partner of CPPL and all of CPPL's subordinated units and incentive distribution rights. CPG did not have any material assets or liabilities as a separate corporate entity until the contribution of CEG from NiSource on February 11, 2015. As a result of this contribution, the financial statements for periods as of and subsequent to September 26, 2014 reflect the consolidated financial position, results of operations and cash flows for CPG. All periods prior to September 26, 2014 reflect the combined financial position, results of operations and cash flows for CPG's Predecessor (the "Predecessor").

CPG is engaged in regulated gas transportation and storage services for LDCs, marketers, producers and industrial and commercial customers located in northeastern, mid-Atlantic, Midwestern and southern states and the District of Columbia along with unregulated businesses that include midstream services, including gathering, treating, conditioning, processing, compression and liquids handling, and development of mineral rights positions. The regulated services are performed under a tariff at rates subject to FERC approval.

Separation. On June 2, 2015, NiSource announced that its board of directors approved the separation of CPG from NiSource (the "Separation") through the distribution of CPG common stock to holders of NiSource common stock as of June 19, 2015 (the "Record Date"). On July 1, 2015, NiSource distributed, pursuant to an effective registration statement on Form 10, 317.6 million shares, one share of CPG common stock for every one share of NiSource common stock held by NiSource stockholders on the Record Date. As of July 1, 2015, CPG is an independent, publicly traded company, and NiSource did not retain any ownership interest in CPG. CPG's common stock began trading "regular-way" under the ticker symbol "CPGX" on the NYSE on July 2, 2015. In connection with the Separation, CPG completed the following transactions:

- In May 2015, CPG completed its private placement of senior notes and received proceeds of approximately $2,722.3 million. CPG utilized a portion of the proceeds to repay approximately $1,087.3 million of intercompany debt and short-term borrowings, including, net amounts due from the money pool between CPG and NiSource Finance Corp. ("NiSource Finance");
- CPG further utilized the proceeds from the senior notes to make a cash distribution of approximately $1,450.0 million to NiSource; and
- Accounts related to NiSource and its subsidiaries, including accounts receivable and accounts payable, were reclassified from affiliated to non-affiliated.

Agreements with NiSource following the Separation. CPG entered into the Separation and Distribution Agreement and several other agreements with NiSource to effect the Separation and provide a framework for CPG's relationship with NiSource, and its subsidiaries, after the Separation. The Separation and Distribution Agreement contains many of the key provisions related to CPG's separation from NiSource and the distribution of CPG's shares of common stock to NiSource's stockholders, including cross-indemnities between CPG and NiSource. In general, NiSource has agreed to indemnify CPG for any liabilities relating to NiSource's business and CPG has agreed to indemnify NiSource for any liabilities

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

relating to CPG's business. In addition to the Separation and Distribution Agreement, CPG entered into the following agreements with NiSource related to the Separation:

- Tax Allocation Agreement — Provides for the respective rights, responsibilities, and obligations of NiSource and CPG with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, tax contests, and certain other matters regarding taxes.
- Employee Matters Agreement — Provides for the respective obligations to employees and former employees who are or were associated with CPG (including those employees who transferred employment from NiSource to CPG prior to the Separation) and for other employment and employee benefits matters.
- Transition Services Agreement — Provides for the provision of certain transitional services by NiSource to CPG, and vice versa. The services may include the provision of administrative and other services identified by the parties. The charge for these services is expected to be based on actual costs incurred by the party rendering the services without profit.

CPG's accompanying Consolidated and Combined Financial Statements have been prepared in accordance with GAAP. These financial statements include the accounts of the following subsidiaries: Columbia Gas Transmission, Columbia Gulf, Columbia Midstream, CEVCO, CNS Microwave, Crossroads, CPGSC, CEG, Columbia Remainder Corporation, CPP GP LLC, CPPL, OpCo GP, Columbia OpCo and CPG. Also included in the Consolidated and Combined Financial Statements are equity method investments Hardy Storage, Millennium Pipeline, and Pennant. All intercompany transactions and balances have been eliminated.

B. Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Cash and Cash Equivalents. Cash and cash equivalents are liquid marketable securities with an original maturity date of less than three months.

D. Allowance for Uncollectible Accounts. The reserve for uncollectible receivables is CPG's best estimate of the amount of probable credit losses in the existing accounts receivable. Collectability of accounts receivable is reviewed regularly and an allowance is established or adjusted, as necessary, using the specific identification method. Account balances are charged against the allowance when it is anticipated the receivable will not be recovered.

E. Basis of Accounting for Rate-Regulated Subsidiaries. Rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers.

In the event that regulation significantly changes the opportunity for CPG to recover its costs in the future, all or a portion of CPG's regulated operations may no longer meet the criteria for regulatory accounting. In such an event, a write-down of all or a portion of CPG's existing regulatory assets and liabilities could result. If CPG is unable to continue to apply the provisions of regulatory accounting, CPG would be required to

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

apply the provisions of Discontinuation of Rate-Regulated Accounting. In management's opinion, CPG's regulated subsidiaries will be subject to regulatory accounting for the foreseeable future. Please see Note 11, "Regulatory Matters," in the Notes to Consolidated and Combined Financial Statements for further discussion.

F. Property, Plant and Equipment and Related AFUDC and Maintenance. Property, plant and equipment is stated at cost. CPG's rate-regulated subsidiaries record depreciation using composite rates on a straight-line basis over the remaining service lives of the properties as approved by the appropriate regulators. CPG's non-regulated companies depreciate assets on a component basis on a straight-line basis over the remaining service lives of the properties.

CPG capitalizes AFUDC on all classes of property except organization costs, land, autos, office equipment, tools and other general property purchases. The allowance is applied to construction costs for that period of time between the date of the expenditure and the date on which such project is placed in service. A combination of short-term borrowings, long-term debt and equity were used to fund construction efforts for all three years presented. The pre-tax rate for AFUDC debt and ADUFC equity are summarized in the table below:

	2015		2014		2013	
	Debt	Equity	Debt	Equity	Debt	Equity
					Predecessor	
Columbia Gas Transmission	**1.8%**	**6.3%**	0.9%	3.0%	2.5%	3.2%
Columbia Gulf	**2.9%**	**6.3%**	2.1%	9.4%	2.5%	3.2%

CPG follows the practice of charging maintenance and repairs, including the cost of removal of minor items of property, to expense as incurred. When regulated property that represents a retired unit is replaced or removed, the cost of such property is credited to utility plant, and such cost, net of salvage, is charged to the accumulated provision for depreciation in accordance with composite depreciation.

G. Gas Stored-Base Gas. Base gas, which is valued at original cost, represents storage volumes that are maintained to ensure that adequate well pressure exists to deliver current gas inventory. There were no purchases of base gas during the years ended December 31, 2015, 2014 and 2013. Please see Note 7, "Gain on Sale of Assets," in the Notes to Consolidated and Combined Financial Statements for information regarding the sale of storage base gas in 2013. Gas stored-base gas is included in Property, plant and equipment on the Consolidated Balance Sheets.

H. Amortization of Software Costs. External and internal costs associated with computer software developed for internal use are capitalized. Capitalization of such costs commences upon the completion of the preliminary stage of each project. Once the installed software is ready for its intended use, such capitalized costs are amortized on a straight-line basis generally over a period of five years. CPG amortized \$8.7 million in 2015, \$4.3 million in 2014 and \$5.0 million in 2013 related to software costs. CPG's unamortized software balance was \$59.8 million and \$18.3 million at December 31, 2015 and 2014, respectively.

I. Goodwill. CPG has \$1,975.5 million in goodwill. All goodwill relates to the excess of cost over the fair value of the net assets acquired in the CEG acquisition on November 1, 2000. Please see Note 9, "Goodwill," in the Notes to Consolidated and Combined Financial Statements for further discussion.

J. Impairments. An impairment loss on long-lived assets shall be recognized only if the carrying amount of a long-lived assets is not recoverable and exceeds its fair value. The test for impairment compares the

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

carrying amount of the long-lived asset to the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. CPG recognized an impairment loss of $2.4 million for the year ended December 31, 2015 and zero for the years ended December 31, 2014 and 2013.

K. Revenue Recognition. Revenue is recorded as services are performed. Revenues are billed to customers monthly at rates established through the FERC's cost-based rate-making process or at rates less than those allowed by the FERC. Revenues are recorded on the accrual basis and include estimates for transportation provided but not billed.

The demand and commodity charges for transportation of gas under long-term agreements are recognized separately. Demand revenues are recognized monthly over the term of the agreement with the customer regardless of the volume of natural gas transported. Commodity revenues for both firm and interruptible transportation are recognized in the period the transportation services are provided based on volumes of natural gas physically delivered at the agreed upon delivery point.

CPG provides shorter term transportation and storage services for which cash is received at inception of the service period resulting in the recording of deferred revenues that are recognized in revenues over the period the services are provided.

Storage capacity revenues are recognized monthly over the term of the agreement with the customer regardless of the volume of storage service actually utilized. Injection and withdrawal revenues are recognized in the period when volumes of natural gas are physically injected into or withdrawn from storage.

CPG includes the subsidiary CEVCO, which owns the mineral rights to approximately 460,000 acres in the Marcellus and Utica shale areas. CEVCO leases or contributes the mineral rights to producers in return for royalty interest. Royalties from mineral interests are recognized on an accrual basis when earned and realized. Royalty revenue was $26.5 million, $43.8 million and $21.2 million for the years ended December 31, 2015, 2014 and 2013, respectively, and is included in "Other revenues" on the Statements of Consolidated and Combined Operations.

CPG periodically recognizes gains on the conveyance of mineral interest related to pooling of assets (production rights) in joint undertakings intended to find, develop, or produce oil or gas from a particular property or group of properties. The gains are initially deferred if CPG has a substantial obligation for future performance. As the obligation for future performance is satisfied, the deferred revenue is relieved and the associated gain is recognized. Gains on conveyances amounted to $52.3 million, $34.5 million and $7.3 million for the years ended December 31, 2015, 2014 and 2013, respectively, and are included in "Gain on sale of assets and impairment, net" on the Statements of Consolidated and Combined Operations.

L. Earnings Per Share. Basic EPS is based on net income attributable to CPG and is calculated based upon the daily weighted-average number of common shares outstanding during the periods presented. Also, this calculation includes fully vested awards that have not yet been issued as common stock. Diluted EPS includes the above, plus unvested stock awards granted under CPG's compensation plans, but only to the extent these instruments dilute earnings per share.

On July 1, 2015, 317.6 million shares of CPG common stock were distributed to NiSource stockholders in conjunction with the Separation. For comparative purposes, and to provide a more meaningful calculation for weighted-average shares, CPG has assumed this amount to be outstanding as of the beginning of each period prior to the Separation presented in the calculation of weighted-average shares outstanding.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The calculation of diluted average common shares is as follows:

Year Ended December 31, (in millions)	2015	2014	2013 Predecessor
Basic average common shares outstanding	**328.5**	317.6	317.6
Dilutive potential common shares:			
Shares restricted under stock plans	**0.6**	—	—
Diluted weighted average shares outstanding	**329.1**	317.6	317.6

Dividends. CPG paid a dividend of $0.125 per share to common stockholders on August 20, 2015. On August 4, 2015, CPG declared a dividend of $0.125 per share to common stockholders of record at October 30, 2015, payable November 20, 2015. On January 29, 2016, CPG declared a dividend of $0.12875 per share to common stockholders of record at February 8, 2016, payable February 19, 2016.

M. Estimated Rate Refunds. CPG collects revenue subject to refund pending final determination in rate proceedings. In connection with such revenues, estimated rate refund liabilities are recorded which reflect management's current judgment of the ultimate outcomes of the proceedings. No provisions are made when, in the opinion of management, the facts and circumstances preclude a reasonable estimate of the outcome.

N. Accounting for Exchange and Balancing Arrangements of Natural Gas. CPG enters into balancing and exchange arrangements of natural gas as part of its operations. CPG records a receivable or payable for its respective cumulative gas imbalances. These receivables and payables are recorded as "Exchange gas receivable" or "Exchange gas payable" on CPG's Consolidated Balance Sheets, as appropriate.

O. Income Taxes and Investment Tax Credits. CPG records income taxes to recognize full inter period tax allocations. Under the liability method, deferred income taxes are provided for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. To the extent certain deferred income taxes of CPG are recoverable or payable through future rates, regulatory assets and liabilities have been established.

In prior years, and for the period ending July 1, 2015, CPG joined in the filing of consolidated federal and state income tax returns with NiSource. CPG was a party to an agreement ("Tax Allocation Agreement") that provides for the allocation of consolidated tax liabilities. The Tax Allocation Agreement generally provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. In addition, the Tax Allocation Agreement provides that tax benefits associated with NiSource parent's tax losses, excluding tax benefits from interest expense on acquisition debt, are allocated to and reduce the income tax liability of all NiSource subsidiaries having a positive separate company tax liability in a particular tax year.

The amounts of such tax benefits allocated to CPG that were recorded in equity in 2015, 2014 and 2013 were $5.8 million, $1.3 million and $5.3 million, respectively.

P. Environmental Expenditures. CPG accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated, regardless of when the expenditures are actually made. The undiscounted estimated future expenditures are based on currently enacted laws and regulations, existing technology and estimated site-specific costs where assumptions may be made about the nature and extent of site contamination, the extent of cleanup efforts,

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

costs of alternative cleanup methods and other variables. The liability is adjusted as further information is discovered or circumstances change. The reserves for estimated environmental expenditures are recorded on the Consolidated Balance Sheets in "Other Accruals" for short-term portions of these liabilities and "Other noncurrent liabilities" for the respective long-term portions of these liabilities. CPG establishes regulatory assets on the Consolidated Balance Sheets to the extent that future recovery of environmental remediation costs is probable through the regulatory process. Please see Note 19, "Other Commitments and Contingencies" in the Notes to Consolidated and Combined Financial Statements for further discussion.

Q. Accounting for Investments. CPG accounts for its ownership interests in Millennium Pipeline using the equity method of accounting. Columbia Gas Transmission owns a 47.5% interest in Millennium Pipeline. The equity method of accounting is applied for investments in unconsolidated companies where CPG (or a subsidiary) owns 20 to 50 percent of the voting rights and can exercise significant influence.

CPG owns a 50.0% interest in Hardy Storage for the periods presented. CPG reflects the investment in Hardy Storage as an equity method investment.

Columbia Midstream entered into a 50:50 joint venture in 2012 with Hilcorp to construct Pennant, a new wet natural gas gathering infrastructure and NGL processing facilities to support natural gas production in the Utica Shale region of northeastern Ohio and western Pennsylvania. During the third quarter of 2015, an additional member, an affiliate of Williams Partners, joined the Pennant joint venture. Williams Partners' initial ownership investment in Pennant is 5.00%, and by funding specified investment amounts for future growth projects, Williams Partners can invest directly in the growth of Pennant. Such funding will potentially increase Williams Partners' ownership in Pennant up to 33.33% over a defined investment period. As a result of the buy-in, Columbia Midstream received $12.7 million in cash and recorded a gain of $2.9 million, and its ownership interest in Pennant decreased from 50.0% to 47.5%. CPG accounts for the joint venture under the equity method of accounting.

R. Natural Gas and Oil Properties. CEVCO participates as a working interest partner in the development of a broader acreage dedication. The working interest allows CEVCO to invest in the drilling operations of the partnership in addition to a royalty interest in well production. Please see Note 1K, "Revenue Recognition," in the Notes to Consolidated and Combined Financial Statements for further discussion regarding the royalty revenue. CEVCO uses the successful efforts method of accounting for natural gas and oil producing activities for their portion of drilling activities. Capitalized well costs are depleted based on the units of production method.

CEVCO's portion of unproved property investment is periodically evaluated for impairment. The majority of these costs generally relate to CEVCO's portion of the working interest. The costs are capitalized and evaluated (at least quarterly) as to recoverability, based on changes brought about by economic factors and potential shifts in business strategy employed by management. Impairment of individually significant unproved property is assessed on a field-by-field basis considering a combination of time, geologic and engineering factors.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following table reflects the changes in capitalized exploratory well costs for the years ended December 31, 2015 and 2014:

(in millions)	2015	2014
Beginning Balance	$ 14.9	$ 1.9
Additions pending the determination of proved reserves	1.3	20.1
Reclassifications of proved properties	(14.5)	(7.1)
Ending Balance	$ 1.7	$14.9

As of December 31, 2015, there was $0.3 million of capitalized exploratory well costs that have been capitalized for more than one year relating to one project initiated in 2013.

2. CPPL INITIAL PUBLIC OFFERING

On December 5, 2007, NiSource formed CPPL (NYSE: CPPL) to own, operate and develop a portfolio of pipelines, storage and related assets.

On February 11, 2015, CPPL completed its offering of 53.8 million common units representing limited partner interests, constituting 53.5% of CPPL's outstanding limited partner interests. CPPL received $1,168.4 million of net proceeds from the IPO. CPG owns the general partner of CPPL, all of CPPL's subordinated units and incentive distribution rights. The assets of CPPL consist of a 15.7% limited partner interest in Columbia OpCo, which prior to the Separation, consisted of substantially all of NiSource's Columbia Pipeline Group Operations segment. The operations of CPPL are consolidated into CPG's results. As of December 31, 2015, the portion of CPPL owned by the public is reflected as a noncontrolling interest in the Consolidated and Combined Financial Statements.

The table below summarizes the effects of the changes in CPG's ownership interest in Columbia OpCo on equity:

(in millions)	Year Ended December 31, 2015
Net income attributable to CPG	**$267.2**
Increase in CPG's net parent investment for the sale of 8.4% of Columbia OpCo	**227.1**
Change from net income attributable to CPG and transfers to noncontrolling interest	**$494.3**

3. RECENT ACCOUNTING PRONOUNCEMENTS

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes.* ASU 2015-17 simplifies the presentation of deferred taxes by requiring that all deferred tax assets and liabilities be classified as noncurrent on the balance sheet. CPG is required to adopt ASU 2015-17 for periods beginning after December 15, 2016, including interim periods, and the new standard is to be applied prospectively or retrospectively to all presented periods with early adoption permitted. On December 31, 2015 CPG prospectively adopted ASU 2015-17 in the Consolidated and Combined Financial Statements and Notes to Consolidated and Combined Financial Statements.

In April 2015, the FASB issued ASU 2015-03, *Interest — Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.* ASU 2015-03 changes the way entities present debt issuance costs in financial statements by presenting issuance costs on the balance sheet as a direct deduction from the related

3. RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

liability rather than as a deferred charge. Amortization of these costs will continue to be reported as interest expense. In August 2015, the FASB issued ASU 2015-15 to clarify the SEC staff's position on these costs in relation to line-of-credit agreements stating that the SEC staff would not object to an entity deferring and presenting debt issuance costs related to a line-of-credit arrangement as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of such arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit. CPG is required to adopt ASU 2015-03 and ASU 2015-15 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively with early adoption permitted. The adoption of ASU 2015-3 and ASU 2015-15 will result in a reclassification from "Deferred charges and other" to "Long-term debt" of the unamortized balance of debt issuance costs. At December 31, 2015, the balance of unamortized debt issuance costs recorded in "Deferred charges and other" was $20.6 million.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14 to extend the adoption date for ASU 2014-09 to periods beginning after December 15, 2017, including interim periods, and the new standard is to be applied retrospectively with early adoption permitted on the original effective date of ASU 2014-09 on a limited basis. CPG is currently evaluating the impact the adoption of ASU 2014-09 and ASU 2015-14 will have on the Consolidated and Combined Financial Statements and Notes to Consolidated and Combined Financial Statements.

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. ASU 2015-02 amends consolidation guidance by including changes to the variable and voting interest models used by entities to evaluate whether an entity should be consolidated. CPG is required to adopt ASU 2015-02 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively or using a modified retrospective approach, with early adoption permitted. CPG is currently evaluating the impact the adoption of ASU 2015-02 will have on the Consolidated and Combined Financial Statements and Notes to Consolidated and Combined Financial Statements but does not anticipate that the impact will be material.

4. TRANSACTIONS WITH AFFILIATES

Prior to the Separation, CPG engaged in transactions with subsidiaries of NiSource, which at that time were deemed to be affiliates of CPG. The Separation occurred on July 1, 2015 and for periods after this date CPG and subsidiaries of NiSource are no longer affiliates. Transactions with affiliates prior to the Separation are summarized below:

4. TRANSACTIONS WITH AFFILIATES (Continued)

Statement of Operations

(in millions)	Year Ended December 31, 2015	2014	2013 Predecessor
Transportation revenues	**$47.5**	$ 95.7	$ 94.1
Storage revenues	**26.2**	53.2	53.6
Other revenues	**0.2**	0.3	0.3
Operation and maintenance expense	**52.9**	123.2	118.6
Interest expense	**29.3**	62.0	37.9
Interest income	**2.5**	0.7	0.7

Balance Sheet

(in millions)	December 31, 2015	December 31, 2014
Accounts receivable	**$ —**	$ 180.0
Current portion of long term debt-affiliated	**—**	115.9
Short-term borrowings	**—**	252.5
Accounts payable	**—**	53.6
Long-term debt	**—**	1,472.8

Transportation, Storage and Other Revenues. CPG provided natural gas transportation, storage and other services to subsidiaries of NiSource, which were deemed to be affiliates prior to the Separation.

Operation and Maintenance Expense. CPG received executive, financial, legal, information technology and other administrative and general services from a former affiliate, NiSource Corporate Services. Expenses incurred as a result of these services consisted of employee compensation and benefits, outside services and other expenses. CPG was charged directly or allocated using various allocation methodologies based on a combination of gross fixed assets, total operating expense, number of employees and other measures. Management believes the allocation methodologies are reasonable. However, these allocations and estimates may not represent the amounts that would have been incurred had the services been provided by an outside entity.

Interest Expense and Income. Prior to the private placement of senior notes on May 22, 2015, CPG paid NiSource interest for intercompany long-term debt outstanding. CPG was charged interest for long-term debt of $31.0 million, $61.6 million and $40.6 million for the years ended December 31, 2015, 2014 and 2013, respectively, offset by associated AFUDC of $2.4 million, $2.7 million and $6.8 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Columbia OpCo and its subsidiaries entered into an intercompany money pool agreement with NiSource Finance, which became effective on the closing date of CPPL's IPO. Following the Separation, the agreement is with CPG. The money pool is available for Columbia OpCo and its subsidiaries' general purposes, including capital expenditures and working capital. This intercompany money pool agreement is discussed in connection with Short-term Borrowings below. Prior to CPPL's IPO, the subsidiaries of CPG participated in a similar money pool agreement with NiSource Finance. Prior to the Separation, NiSource Corporate Services administered the money pools. Prior to the Separation, the cash accounts maintained by the subsidiaries of Columbia OpCo and CPG were swept into a NiSource corporate account on a daily basis, creating an affiliated receivable or decreasing an affiliated payable, as appropriate, between NiSource

4. TRANSACTIONS WITH AFFILIATES (Continued)

and the subsidiary. The amount of interest expense and income for short-term borrowings was determined by the net position of each subsidiary in the money pool. Subsequent to the Separation, the intercompany money pool balances and related interest expense and income are eliminated as intercompany activity. The money pool weighted-average interest rate was 1.21% at June 30, 2015 and 0.70% at December 31, 2014, respectively. The interest expense for short-term borrowings charged for the years ended December 31, 2015, 2014 and 2013 was $0.7 million, $3.1 million and $4.1 million, respectively.

Accounts Receivable. CPG included in accounts receivable amounts due from the money pool discussed above of $145.5 million at December 31, 2014 for subsidiaries in a net deposit position. Also included in the balance at December 31, 2014 are amounts due from subsidiaries of NiSource for transportation and storage services of $34.5 million. Net cash flows related to the money pool receivables, including the receipt of money pool deposits from NiSource at the time of Separation, are included as Investing Activities on the Statements of Consolidated and Combined Statements of Cash Flows. All other affiliated receivables are included as Operating Activities.

Short-term Borrowings. The subsidiaries of CPG entered into an intercompany money pool agreement with NiSource Finance with $750.0 million of reserved borrowing capacity. Following the Separation, the agreement is with CPG. In furtherance of the money pool agreement, CPG entered into a $1,500.0 million revolving credit agreement on December 5, 2014. The CPG revolving credit agreement became effective at the completion of the Separation with a termination date of July 2, 2020. Each of CEG, OpCo GP and Columbia OpCo is a guarantor of CPG's revolving credit facility. As guarantors and restricted subsidiaries, CEG, OpCo GP and Columbia OpCo are subject to various customary covenants and restrictive provisions which, among other things, limit CPG's and its restricted subsidiaries' ability to incur additional indebtedness, guarantees and/or liens; consolidate, merge or transfer all or substantially all of their assets; make certain investments or restricted payments; modify certain material agreements; engage in certain types of transactions with affiliates; dispose of assets; and prepay certain indebtedness; each of which is subject to customary and usual exceptions and baskets, including an exception to the limitation on restricted payments for distributions of available cash, as permitted by their organizational documents. The restricted payment provision does not prohibit CPG or any of its restricted subsidiaries from making distributions in accordance with their respective organizational documents unless there has been an event of default (as defined in the revolving credit agreement), and neither CPG not any of its restricted subsidiaries has any restrictions on its ability to make distributions under its organizational documents. Under Columbia OpCo's partnership agreement, it is required to distribute all of its available cash each quarter, less the amounts of cash reserves that OpCo GP determines are necessary or appropriate in its reasonable discretion to provide for the proper conduct of Columbia OpCo's business. In addition, subject to Delaware law, the board of directors of CPG may similarly determine whether to declare dividends at CPG without restriction under its revolving credit agreement. At December 31, 2015, neither CPG nor its consolidated subsidiaries had any restricted net assets. If Columbia OpCo and the other loan parties fail to perform their obligations under these and other covenants, it could adversely affect Columbia OpCo's ability to finance future business opportunities and make cash distributions to CPG. CPG's revolving credit facility also contains customary events of default, including cross default provisions that apply to any other indebtedness CPG may have with an outstanding principal amount in excess of $50.0 million. If a default occurred, the relevant lenders could elect to declare the debt, together with accrued interest and other fees, to be immediately due and payable and proceed against Columbia OpCo as a guarantor.

The balance of Short-term Borrowings at December 31, 2014 of $252.5 million included those subsidiaries of CPG in a net borrower position of the NiSource Finance money pool discussed above. Net cash flows related to Short-term Borrowings, including the repayment of money pool borrowings to NiSource at the

4. TRANSACTIONS WITH AFFILIATES (Continued)

time of Separation, are included as Financing Activities on the Statements of Consolidated and Combined Statements of Cash Flows.

Accounts Payable. The affiliated accounts payable balance primarily included amounts due for services received from NiSource Corporate Services and interest payable to NiSource Finance.

Long-term Debt. CPG's long-term financing requirements, prior to the private placement of seniors notes on May 22, 2015, were satisfied through borrowings from NiSource Finance. CPG used a portion of net proceeds from the senior notes to repay approximately $1,087.3 million of intercompany debt and short-term borrowings, net of amounts due from the money pool, between CPG and NiSource Finance. Details of the affiliated long-term debt balance are summarized in the table below:

Origination Date (in millions)	Interest Rate	Maturity Date	December 31, 2015	December 31, 2014
November 28, 2005[1]	5.41%	November 30, 2015	$ —	$ 115.9
November 28, 2005	5.45%	November 28, 2016	—	45.3
November 28, 2005	5.92%	November 28, 2025	—	133.5
November 28, 2012	4.63%	November 28, 2032	—	45.0
November 28, 2012	4.94%	November 30, 2037	—	95.0
December 19, 2012	5.16%	December 21, 2037	—	55.0
November 28, 2012	5.26%	November 28, 2042	—	170.0
December 19, 2012	5.49%	December 18, 2042	—	95.0
December 9, 2013	4.75%	December 31, 2016	—	834.0
Total Long-term Debt			$ —	$1,588.7

(1) The debt balance for the note originating on November 28, 2005 and maturing on November 30, 2015 is included in "Current portion of long-term debt-affiliated" on the Consolidated Balance Sheets as of December 31, 2014.

Dividends. Prior to the Separation, CPG distributed $500.0 million of the proceeds from CPPL's IPO to NiSource as a reimbursement of preformation capital expenditures with respect to the assets contributed to Columbia OpCo and $1,450.0 million of proceeds related to the issuance of senior notes in May 2015. CPG paid no dividends to NiSource in the year ended December 31, 2014 and paid $123.0 million to NiSource in the year ended December 31, 2013. There were no restrictions on the payment by CPG of dividends to NiSource.

5. SHORT-TERM BORROWINGS

CPG Revolving Credit Facility. On December 5, 2014, CPG entered into a $1,500.0 million senior revolving credit facility, of which $250.0 million in letters of credit is available. The revolving credit facility became effective as of the Separation with a termination date of July 2, 2020. CPG expects that $750.0 million of this facility will be utilized as credit support for Columbia OpCo and its subsidiaries and the remaining $750.0 million of this facility will be available for CPG's general corporate purposes, including working capital. The revolving credit facility will provide liquidity support for CPG's $1,000.0 million commercial paper program.

Obligations under the CPG revolving credit facility are unsecured. Loans under the CPG revolving credit facility will bear interest at CPG's option at either (i) the greatest of (a) the federal funds effective rate plus 0.500 percent, (b) the reference prime rate of JPMorgan Chase Bank, N.A., or (c) the Eurodollar rate which is based on the London Interbank Offered Rate ("LIBOR"), plus 1.000 percent, each of which is

5. SHORT-TERM BORROWINGS (Continued)

subject to a margin that varies from 0.000 percent to 0.650 percent per annum, according to the credit rating of CPG, or (ii) the Eurodollar rate plus a margin that varies from 1.000 percent to 1.650 percent per annum, according to the credit rating of CPG. CPG's revolving credit facility is subject to a facility fee that varies from 0.125 percent to 0.350 percent per annum, according to CPG's credit rating.

Revolving indebtedness under the CPG credit facility will rank equally with all of CPG's outstanding unsecured and unsubordinated debt. CEG, OpCo GP and Columbia OpCo have each fully guaranteed the CPG credit facility. The CPG revolving credit facility contains various customary covenants and restrictive provisions which, among other things, limit CPG's and its restricted subsidiaries' ability to incur additional indebtedness, guarantees and/or liens; consolidate, merge or transfer all or substantially all of their assets; make certain investments or restricted payments; modify certain material agreements; engage in certain types of transactions with affiliates; dispose of assets; and prepay certain indebtedness, each of which is subject to customary and usual exceptions and baskets, including an exception to the limitation on restricted payments for distributions of available cash, as permitted by their organizational documents. The restricted payment provision does not prohibit CPG or any of its restricted subsidiaries from making distributions in accordance with their respective organizational documents unless there has been an event of default (as defined in the revolving credit agreement), and neither CPG nor any of its restricted subsidiaries has any restrictions on its ability to make distributions under its organizational documents. Under Columbia OpCo's partnership agreement, it is required to distribute all of its available cash each quarter, less the amounts of cash reserves that OpCo GP determines are necessary or appropriate in its reasonable discretion to provide for the proper conduct of Columbia OpCo's business. In addition, subject to Delaware law, the board of directors of CPG may similarly determine whether to declare dividends at CPG without restriction under its revolving credit agreement. At December 31, 2015, neither CPG nor its consolidated subsidiaries had any restricted net assets. If Columbia OpCo and the other loan parties fail to perform their obligations under these and other covenants, it could adversely affect Columbia OpCo's ability to finance future business opportunities and make cash distributions to CPG. The CPG revolving credit facility also contains customary events of default, including cross default provisions that apply to any other indebtedness CPG may have with an outstanding principal amount in excess of $50.0 million.

The CPG revolving credit facility also contains certain financial covenants that require CPG to maintain a consolidated total leverage ratio that does not exceed (i) 5.75 to 1.00 for any period of four consecutive fiscal quarters (each, a "test period") ending December 31, 2015, (ii) 5.50 to 1.00 for any test period ending after December 31, 2015 and on or before December 31, 2017, and (iii) 5.00 to 1.00 for any test period ending after December 31, 2017, provided that after December 31, 2017, and during a Specified Acquisition Period (as defined in the CPG revolving credit facility), the leverage ratio may not exceed 5.50 to 1.00.

A breach of any of these covenants could result in a default in respect of the related debt. If a default occurred, the relevant lenders could elect to declare the debt, together with accrued interest and other fees, to be immediately due and payable and proceed against CPG or any guarantor.

As of December 31, 2015, CPG had no borrowings outstanding and had $18.1 million in letters of credit under the revolving credit facility.

CPPL Revolving Credit Facility. On December 5, 2014, CPPL entered into a $500.0 million senior revolving credit facility, of which $50.0 million in letters of credit is available. The revolving credit facility became effective at the closing of CPPL's IPO with a termination date of February 11, 2020. The credit facility is available for general partnership purposes, including working capital and capital expenditures, including the funding of capital calls to Columbia OpCo.

CPPL's obligations under the revolving credit facility are unsecured. The loans thereunder bear interest at CPPL's option at either (i) the greatest of (a) the federal funds effective rate plus 0.500 percent, (b) the

5. SHORT-TERM BORROWINGS (Continued)

reference prime rate of Wells Fargo Bank, National Association or (c) the Eurodollar rate which is based on the LIBOR, plus 1.000 percent, each of which is subject to a margin that varies from 0.000 percent to 0.650 percent per annum, according to the credit rating of CPG, or (ii) the Eurodollar rate plus a margin that varies from 1.000 percent to 1.650 percent per annum, according to the credit rating of CPG. The revolving credit facility is subject to a facility fee that varies from 0.125 percent to 0.350 percent per annum, according to the credit rating of CPG.

The revolving indebtedness under CPPL's credit facility ranks equally with all CPPL's outstanding unsecured and unsubordinated debt. CPG, CEG, OpCo GP and Columbia OpCo have each fully guaranteed CPPL's credit facility.

CPPL's revolving credit facility contains various covenants and restrictive provisions which, among other things, limit CPPL's ability and CPPL's restricted subsidiaries' ability to incur additional indebtedness, guarantees and/or liens; consolidate, merge or transfer all or substantially all of CPPL's assets; make certain investments or restricted payments; modify certain material agreements; engage in certain types of transactions with affiliates; dispose of assets; and prepay certain indebtedness; each of which is subject to customary and usual exceptions and baskets, including an exception to the limitation on restricted payments for distributions of available cash, as permitted by CPPL's organizational documents. The restricted payment provision does not prohibit CPPL or any of its restricted subsidiaries from making distributions in accordance with their respective organizational documents unless there has been an event of default (as defined in the CPPL revolving credit agreement), and neither CPPL nor any of its restricted subsidiaries has any restrictions on its ability to make distributions under its organizational documents. In particular, in accordance with CPPL's partnership agreement, the general partner has adopted a policy that CPPL will make quarterly cash distributions in amounts equal to at least the minimum quarterly distribution of $0.1675 on each common and subordinated unit. However, the determination to make any distributions of cash is subject to the discretion of the general partner. At December 31, 2015, neither CPPL nor its consolidated subsidiaries had any restricted net assets. If CPPL fails to perform the obligations under these and other covenants, the revolving credit commitment could be terminated and any outstanding borrowings, together with accrued interest, under the revolving credit facility could be declared immediately due and payable. CPPL's revolving credit facility also contains customary events of default, including cross default provisions that apply to any other indebtedness it may have with an outstanding principal amount in excess of $50.0 million.

The revolving credit facility also contains certain financial covenants that require CPPL to maintain a consolidated total leverage ratio that does not exceed (i) 5.75 to 1.00 for the period of four consecutive fiscal quarters ("test period") ending December 31, 2015, (ii) 5.50 to 1.00 for any test period ending after December 31, 2015 and on or before December 31, 2017, and (iii) 5.00 to 1.00 for any test period ending after December 31, 2017, provided that after December 31, 2017 and during a Specified Acquisition Period (as defined in the CPPL revolving credit facility), the leverage ratio shall not exceed 5.50 to 1.00.

A breach of any of these covenants could result in a default in respect of the related debt. If a default occurred, the relevant lenders could elect to declare the debt, together with accrued interest and other fees, to be immediately due and payable and proceed against CPPL or any guarantor.

As of December 31, 2015, CPPL had $15.0 million in outstanding borrowings and issued no letters of credit under the revolving credit facility.

CPG Commercial Paper Program. On October 5, 2015, CPG established a commercial paper program (the "Program") pursuant to which CPG may issue short-term promissory notes (the "Promissory Notes") pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"). Amounts available under the Program may be borrowed, repaid and

5. SHORT-TERM BORROWINGS (Continued)

re-borrowed from time to time, with the aggregate face or principal amount of the Promissory Notes outstanding under the Program at any time not to exceed $1,000.0 million. CEG, OpCo GP and Columbia OpCo have each agreed, jointly and severally, unconditionally and irrevocably to guarantee payment in full of the principal of and interest (if any) on the Promissory Notes. The net proceeds of issuances of the Promissory Notes are expected to be used for general corporate purposes. As of December 31, 2015, CPG had no Promissory Notes outstanding under the Program.

Short-term borrowings were as follows:

At December 31, (in millions)	2015	2014
Commercial paper borrowings	**$—**	$—
CPG credit facility borrowings	**—**	—
CPPL credit facility borrowings, weighted average interest rate of 1.28% at December 31, 2015	**15.0**	—
Total Short-Term Borrowings	**$15.0**	$—

Given their maturity and turnover is less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Statements of Consolidated and Combined Cash Flows.

6. LONG-TERM DEBT

Senior notes issuance. On May 22, 2015, CPG issued its private placement of $2,750.0 million in aggregated principal amount of its senior notes, comprised of $500.0 million of 2.45% senior notes due 2018 (the "2018 Notes"), $750.0 million of 3.30% senior notes due 2020 (the "2020 Notes"), $1,000.0 million of 4.50% senior notes due 2025 (the "2025 Notes") and $500.0 million of 5.80% senior notes due 2045 (the "2045 Notes" and, together with the 2018 Notes, 2020 Notes and 2025 Notes, the "Notes"). The Notes were issued at a discount, for net proceeds of approximately $2,722.3 million after deducting the Initial Purchasers' discount and offering expenses of CPG.

Indenture. The Notes are governed by an Indenture, dated as of May 22, 2015 (the "Indenture"), entered into by CPG and the certain subsidiary guarantors named therein (the "Guarantors") with U.S. Bank National Association, as trustee (the "Trustee").

The initial Guarantors are three subsidiaries of CPG, CEG, Columbia OpCo and OpCo GP. The Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by all of the Guarantors. Each guarantee of CPG's obligations under the Notes is a direct, unsecured and unsubordinated obligation of the applicable Guarantor and has the same ranking with respect to indebtedness of that Guarantor as the Notes have with respect to CPG's indebtedness.

The guarantees of any Guarantor may be released under certain circumstances. First, if CPG discharges or defeases its obligations with respect to the Notes of any series, then any guarantee will be released with respect to that series. Second, if no event of default has occurred and is continuing under the Indenture, a Guarantor will be automatically and unconditionally released and discharged from its guarantee (i) at any time after June 1, 2018, upon any sale, exchange or transfer, whether by way of merger or otherwise, to any person that is not CPG's affiliate, of all of CPG's direct or indirect limited partnership, limited liability or other equity interests in the Guarantor; (ii) upon the merger of a guarantor into CPG or any other Guarantor or the liquidation and dissolution of such Guarantor; or (iii) at any time after June 1, 2018, upon release of all guarantees or other obligations of the Guarantor with respect to any of CPG's funded debt, except the Notes.

6. LONG-TERM DEBT (Continued)

The Indenture governing the Notes contains covenants that, among other things, limit the ability of CPG and certain of its subsidiaries to incur liens, to enter into sale and lease-back transactions and to enter into mergers, consolidations or transfers of all or substantially all of their assets. The Indenture also contains customary events of default.

The 2018 Notes will mature on June 1, 2018, the 2020 Notes will mature on June 1, 2020, the 2025 Notes will mature on June 1, 2025 and the 2045 Notes will mature on June 1, 2045. Interest on the Notes of each series will be payable semi-annually in arrears on June 1 and December 1, commencing on December 1, 2015.

Registration Rights Agreement. In connection with the private placement of the Notes, CPG and the Guarantors entered into a Registration Rights Agreement (the "Registration Rights Agreement") with the Initial Purchasers, pursuant to which CPG and the Guarantors agreed to file, and use their reasonable best efforts to cause to become effective, an exchange offer registration statement with the SEC and to consummate an exchange offer within 360 days after the date of issuance of the Notes pursuant to which holders of each series of the Notes can exchange the Notes issued in the offering for registered notes having the same terms as the Notes. Under certain circumstances set forth in the Registration Rights Agreement, in lieu of a registered exchange offer, CPG and the Guarantors must file, and use reasonable best efforts to cause to become effective, a shelf registration statement for the resale of the Notes. If CPG fails to satisfy these obligations on a timely basis, the annual interest borne by the Notes will be increased by up to 0.50% per annum until the exchange offer is completed or the shelf registration statement is declared effective.

The following table summarizes the outstanding long-term debt maturities at December 31, 2015.

Year Ending December 31, (in millions)	
2016	$ —
2017	—
2018	500.0
2019	—
2020	750.0
After	1,500.0
Total(1)	$2,750.0

(1) This amount excludes unamortized discount of $3.8 million. The unamortized discount applicable to the Notes is being amortized over the weighted average life of the Notes.

7. GAIN ON SALE OF ASSETS

CPG recognizes gains on conveyances of mineral rights positions into earnings as any obligation associated with conveyance is satisfied. For the years ended December 31, 2015, 2014 and 2013, gains on conveyances amounted to $52.3 million, $34.5 million and $7.3 million, respectively, and are included in "Gain on sale of assets and impairment, net" on the Statements of Consolidated and Combined Operations. Included in the gains on conveyances is a cash bonus payment of $35.8 million received by CEVCO from CNX Gas Company LLC during the year ended December 31, 2015, for the lease of Utica Shale and Upper Devonian gas rights in Greene and Washington Counties in Pennsylvania and Marshall and Ohio Counties in West Virginia. As of December 31, 2015 and 2014, deferred gains of approximately $8.1 million and $19.6 million, respectively, were deferred pending performance of future obligations and recorded in "Deferred revenue" on the Consolidated Balance Sheets.

In 2013, Columbia Gas Transmission sold storage base gas. The difference between the sale proceeds and amounts capitalized to Property, plant and equipment resulted in a gain of $11.1 million.

8. PROPERTY, PLANT AND EQUIPMENT

CPG's property, plant and equipment on the Consolidated Balance Sheets are classified as follows:

At December 31, (in millions)	2015	2014
Property, plant and equipment		
Pipeline and other transmission assets	**$ 6,160.4**	$ 5,333.0
Storage facilities	**1,370.1**	1,326.5
Gas stored base gas	**299.5**	299.5
Gathering and processing facilities	**370.2**	263.3
Construction work in process	**487.6**	454.2
General plant, software, and other assets	**364.5**	258.9
Property, plant and equipment	**9,052.3**	7,935.4
Accumulated depreciation and amortization	**(2,988.6)**	(2,976.8)
Net property, plant and equipment	**$ 6,063.7**	$ 4,958.6

The table below lists CPG's applicable annual depreciation rates:

	Year Ended December 31,		
	2015	2014	2013 Predecessor
Depreciation rates			
Pipeline and other transmission assets	1.00%-2.50%	1.00%-2.50%	1.00%-2.50%
Storage facilities	2.19%-3.00%	2.19%-3.30%	2.19%-3.50%
Gathering and processing facilities	1.67%-2.50%	1.67%-2.50%	1.67%-2.50%
General plant, software, and other assets	1.00%-21.00%	1.00%-10.00%	1.00%-10.00%

9. GOODWILL

CPG tests its goodwill for impairment annually as of May 1 unless indicators, events, or circumstances would require an immediate review. Goodwill is tested for impairment using financial information at the reporting unit level, referred to as the Columbia Gas Transmission Operations reporting unit, which is consistent with the level of discrete financial information reviewed by management. The Columbia Gas Transmission Operations reporting unit includes the following entities: Columbia Gas Transmission (including its equity method investment in the Millennium Pipeline joint venture), Columbia Gulf and the equity method investment in Hardy Storage. All of CPG's goodwill relates to NiSource's acquisition of CEG in 2000, which was contributed to CPG prior to the Separation. CPG's goodwill assets at December 31, 2015 and December 31, 2014 were $1,975.5 million.

The Predecessor completed a quantitative ("step 1") fair value measurement of the reporting unit during the May 1, 2012 goodwill test. The test indicated that the fair value of the reporting unit substantially exceeded the carrying value, indicating that no impairment existed.

In estimating the fair value of Columbia Gas Transmission Operations for the May 1, 2012 test, the Predecessor used a weighted average of the income and market approaches. The income approach utilized a discounted cash flow model. This model was based on management's short-term and long-term forecast of operating performance for each reporting unit. The two main assumptions used in the models were the growth rates, which were based on the cash flows from operations for the reporting unit, and the weighted average cost of capital, or discount rate. The starting point for the reporting unit's cash flow from operations was the detailed five year plan, which takes into consideration a variety of factors such as the

9. GOODWILL (Continued)

current economic environment, industry trends, and specific operating goals set by management. The discount rates were based on trends in overall market as well as industry specific variables and include components such as the risk-free rate, cost of debt, and company volatility at May 1, 2012. Under the market approach, the Predecessor utilized three market-based models to estimate the fair value of the reporting unit: (i) the comparable company multiples method, which estimated fair value of the reporting unit by analyzing EBITDA multiples of a peer group of publicly traded companies and applying that multiple to the reporting unit's EBITDA, (ii) the comparable transactions method, which valued the reporting unit based on observed EBITDA multiples from completed transactions of peer companies and applying that multiple to the reporting unit's EBITDA, and (iii) the market capitalization method, which used the NiSource share price and allocated NiSource's total market capitalization among both the goodwill and non-goodwill reporting units based on the relative EBITDA, revenues, and operating income of each reporting unit. Each of the three market approaches were calculated with the assistance of a third-party valuation firm, using multiples and assumptions inherent in today's market. The degree of judgment involved and reliability of inputs into each model were considered in weighting the various approaches. The resulting estimate of fair value of the reporting unit, using the weighted average of the income and market approaches, exceeded its carrying value, indicating that no impairment exists under step 1 of the annual impairment test.

Certain key assumptions used in determining the fair value of the reporting unit included planned operating results, discount rates and the long-term outlook for growth. In 2012, the Predecessor used the discount rate of 5.60% for Columbia Gas Transmission Operations, resulting in excess fair value of approximately $1,643.0 million.

GAAP allows entities testing goodwill for impairment the option of performing a qualitative ("step 0") assessment before calculating the fair value of a reporting unit for the goodwill impairment test. If a step 0 assessment is performed, an entity is no longer required to calculate the fair value of a reporting unit unless the entity determines that, based on that assessment, it is more likely than not that its fair value is less than its carrying amount.

The Predecessor applied the qualitative step 0 analysis to the reporting unit for the annual impairment test performed as of May 1, 2015. For the current year test, the Predecessor assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting unit as compared to its base line May 1, 2012 step 1 fair value measurement. The results of this assessment indicated that it is not more likely than not that the reporting unit fair value is less than the reporting unit carrying value.

CPG considered whether there were any events or changes in circumstances subsequent to the annual test that would reduce the fair value of the reporting unit below its carrying amount and necessitate another goodwill impairment test. CPG reviewed the market capitalization method due to the recent decline in CPG's share price. Following this review CPG determined there were no indicators that would require goodwill impairment testing subsequent to May 1, 2015.

10. ASSET RETIREMENT OBLIGATIONS

Changes in CPG's liability for asset retirement obligations for the years 2015 and 2014 are presented in the table below:

(in millions)	2015	2014
Beginning Balance	**$23.2**	$26.3
Accretion expense	**1.2**	1.5
Additions	**4.1**	2.2
Settlements	**—**	(6.6)
Change in estimated cash flows	**(2.8)**	(0.2)
Ending Balance	**$25.7**	$23.2

CPG's asset retirement obligations above relate to the modernization program of pipelines and transmission facilities, the retiring of offshore facilities, polychlorinated biphenyl ("PCB") remediation and asbestos removal at several compressor and measuring stations. CPG recognizes that certain assets, which include gas pipelines and natural gas storage wells, will operate for an indeterminate future period when properly maintained. A liability for these asset retirement obligations will be recorded only if and when a future retirement obligation with a determinable life is identified.

11. REGULATORY MATTERS

Regulatory Assets and Liabilities

Current and noncurrent regulatory assets and liabilities were comprised of the following items:

At December 31, (in millions)	2015	2014
Assets		
Unrecognized pension benefit and other postretirement benefit costs	**$135.2**	$120.9
Other postretirement costs	**9.0**	10.8
Deferred taxes on AFUDC equity	**35.4**	21.8
Other	**3.1**	4.5
Total Regulatory Assets	**$182.7**	$158.0

At December 31, (in millions)	2015	2014
Liabilities		
Cost of removal	**$154.7**	$157.6
Regulatory effects of accounting for income taxes	**10.6**	10.9
Unrecognized pension benefit and other postretirement benefit costs	**0.7**	8.3
Other postretirement costs	**155.6**	117.3
Other	**1.2**	2.9
Total Regulatory Liabilities	**$322.8**	$297.0

No regulatory assets are earning a return on investment at December 31, 2015. Regulatory assets of $35.6 million are covered by specific regulatory orders and are being recovered as components of cost of service over a remaining life of up to 7 years.

11. REGULATORY MATTERS (Continued)

Assets:

Unrecognized pension benefit and other postretirement benefit costs — In 2007, the Predecessor adopted certain updates of ASC 715 which required, among other things, the recognition in other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately recognized as components of net periodic benefit costs. Certain subsidiaries defer the costs as a regulatory asset in accordance with regulatory orders to be recovered through base rates.

Other postretirement costs — Primarily comprised of costs approved through rate orders to be collected through future base rates, revenue riders or tracking mechanisms.

Deferred taxes on AFUDC equity — ASC 740 considers the equity component of AFUDC a temporary difference for which deferred income taxes must be provided. CPG is required to record the deferred tax liability for the equity component of AFUDC offset to this regulatory asset for wholly-owned subsidiaries and equity method investments. The regulatory asset is itself a temporary difference for which deferred incomes taxes are recognized.

Liabilities:

Cost of removal — Represents anticipated costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of some rate-regulated subsidiaries for future costs to be incurred.

Regulatory effects of accounting for income taxes — Represents amounts related to state income taxes collected at a higher rate than the current statutory rates assumed in rates, which is being amortized to earnings in association with depreciation on related property.

Unrecognized pension benefit and other postretirement benefit costs — In 2007, the Predecessor adopted certain updates of ASC 715 which required, among other things, the recognition in other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately recognized as components of net periodic benefit costs. Certain subsidiaries defer the benefits as a regulatory liability in accordance with regulatory orders.

Other postretirement costs — Primarily represents amounts being collected through rates in excess of the GAAP expense on a cumulative basis. In addition, according to regulatory order, a certain level of benefit expense is recognized in the Predecessor's results, which exceeds the amount funded in the plan.

Regulatory Matters

Columbia Gas Transmission Customer Settlement. On January 24, 2013, the FERC approved the Settlement. In March 2013, Columbia Gas Transmission paid $88.1 million in refunds to customers pursuant to the Settlement with its customers in conjunction with its comprehensive interstate natural gas pipeline modernization program. The refunds were made as part of the Settlement, which included a $50.0 million refund to max rate contract customers and a base rate reduction retroactive to January 1, 2012. Columbia Gas Transmission expects to invest approximately $1.5 billion over a five-year period, which began in 2013, to modernize its system to improve system integrity and enhance service reliability and flexibility. The Settlement with firm customers includes an initial five-year term with provisions for potential extensions thereafter.

11. REGULATORY MATTERS (Continued)

The Settlement also provided for a depreciation rate reduction to 1.5% and elimination of negative salvage rate effective January 1, 2012 and for a second base rate reduction, which began January 1, 2014, which equates to approximately $25.0 million in revenues annually thereafter.

The Settlement includes a CCRM, a tracker mechanism that will allow Columbia Gas Transmission to recover, through an additive capital demand rate, its revenue requirement for capital investments made under Columbia Gas Transmission's long-term plan to modernize its interstate transmission system. The CCRM provides for a 14.0% revenue requirement with a portion designated as a recovery of taxes other than income taxes. The additive demand rate is earned on costs associated with projects placed into service by October 31 each year. The initial additive demand rate was effective on February 1, 2014. The CCRM will give Columbia Gas Transmission the opportunity to recover its revenue requirement associated with a $1.5 billion investment in the modernization program. The CCRM recovers the revenue requirement associated with qualifying modernization costs that Columbia Gas Transmission incurs after satisfying the requirement associated with $100.0 million in annual maintenance capital expenditures. The CCRM applies to Columbia Gas Transmission's transportation shippers. The CCRM will not exceed $300.0 million per year in investment in eligible facilities, subject to a 15.0% annual tolerance and a total cap of $1.5 billion for the entire five-year initial term.

On January 28, 2016, Columbia Gas Transmission received FERC approval of its December 2015 filing to recover costs associated with the third year of its comprehensive system modernization program. Total program adjusted spend to date is $937.1 million. The program includes replacement of bare steel and wrought iron pipeline and compressor facilities, enhancements to system inspection capabilities and improvements in control systems. In December 2015, Columbia Gas Transmission filed an extension of this settlement and has requested FERC's approval of the customer agreement by March 31, 2016.

Columbia Gulf. On January 21, 2016, the FERC issued an Order (the "January 21 Order") initiating an investigation pursuant to Section 5 of the NGA to determine whether Columbia Gulf's existing rates for jurisdictional services are unjust and unreasonable. Columbia Gulf intends to file a cost and revenue study with FERC on April 5, 2016, as required by the January 21 Order. The January 21 Order directed that a hearing be conducted pursuant to an accelerated timeline and that an initial decision be issued by February 28, 2017. The outcome of this proceeding to Columbia Gulf is not currently determinable.

Cost Recovery Trackers and other similar mechanisms. Under section 4 of the NGA, the FERC allows for the recovery of certain operating costs of our interstate transmission and storage companies that are significant and recurring in nature via cost tracking mechanisms. These tracking mechanisms allow the transmission and storage companies' rates to fluctuate in response to changes in certain operating costs or conditions as they occur to facilitate the timely recovery of costs incurred. The tracking mechanisms involve a rate adjustment that is filed at a predetermined frequency, typically annually, with the FERC and is subject to regulatory review before new rates go into effect.

A significant portion of our revenues and expenses are related to the recovery of costs under these tracking mechanisms. The associated costs for which we are obligated are reported in operating expenses with the offsetting recoveries reflected in revenues. These costs include: third-party transportation, electric compression, and certain approved operational purchases of natural gas. The tracking of certain environmental costs ended in 2015.

Additionally, we recover fuel for company used gas and lost and unaccounted for gas through in-kind trackers where a retainage rate is charged to each customer to collect fuel. The recoveries and costs are both reflected in operating expenses.

12. EQUITY METHOD INVESTMENTS

Certain investments of CPG are accounted for under the equity method of accounting. These investments are recorded within "Unconsolidated Affiliates" on CPG's Consolidated Balance Sheets and CPG's portion of the results is reflected in "Equity Earnings in Unconsolidated Affiliates" on CPG's Statements of Consolidated and Combined Operations. In the normal course of business, CPG engages in various transactions with these unconsolidated affiliates. During the year ended December 31, 2015, CPG had billed approximately $13.1 million for services and other costs to Millennium Pipeline. These investments are integral to CPG's business. Contributions are made to these equity investees to fund CPG's share of projects.

The following is a list of CPG's equity method investments at December 31, 2015:

Investee	Type of Investment	% of Voting Power or Interest Held
Hardy Storage Company, LLC	LLC Membership	50.0%
Pennant Midstream, LLC	LLC Membership	47.5%
Millennium Pipeline Company, L.L.C.	LLC Membership	47.5%

12. EQUITY METHOD INVESTMENTS (Continued)

As the Millennium Pipeline, Hardy Storage and Pennant investments are considered, in aggregate, material to CPG's business, the following table contains condensed summary financial data.

Year Ended December 31, (in millions)	2015	2014	2013 Predecessor
Millennium Pipeline			
Statement of Income Data:			
Net Revenues	**$206.3**	$ 190.5	$ 157.8
Operating Income	**136.1**	128.8	101.3
Net Income	**98.0**	89.6	63.0
Balance Sheet Data:			
Current Assets	**35.7**	32.1	38.3
Noncurrent Assets	**987.1**	1,016.3	1,033.8
Current Liabilities	**44.4**	42.6	58.8
Noncurrent Liabilities	**535.8**	568.3	599.7
Total Members' Equity	**442.6**	437.5	413.6
Contribution/Distribution Data:(1)			
Contributions to Millennium Pipeline	**1.4**	2.6	16.6
Distribution of earnings from Millennium Pipeline	**47.5**	35.6	29.0
Hardy Storage			
Statement of Income Data:			
Net Revenues	**$ 23.4**	$ 23.6	$ 24.4
Operating Income	**15.3**	16.1	16.5
Net Income	**10.3**	10.6	10.6
Balance Sheet Data:			
Current Assets	**12.1**	12.0	12.5
Noncurrent Assets	**155.5**	157.4	160.2
Current Liabilities	**19.3**	17.1	18.3
Noncurrent Liabilities	**68.5**	77.4	85.7
Total Members' Equity	**79.8**	74.9	68.7
Contribution/Distribution Data:(1)			
Contributions to Hardy Storage	**—**	—	—
Distribution of earnings from Hardy Storage	**2.6**	2.2	3.1
Pennant			
Statement of Income Data:			
Net Revenues	**$ 34.6**	$ 8.5	$ 2.0
Operating Income (Loss)	**17.8**	(2.4)	1.3
Net Income (Loss)	**17.8**	(2.4)	1.3
Balance Sheet Data:			
Current Assets	**11.0**	23.7	34.1
Noncurrent Assets	**389.6**	380.0	231.9
Current Liabilities	**8.4**	8.6	11.4
Total Members' Equity	**392.2**	395.1	254.6
Contribution/Distribution Data:(1)			
Contributions to Pennant	**—**	66.6	108.9
Distribution of earnings from Pennant	**7.1**	—	—
Return of capital from Pennant	**16.0**	—	—

(1) Contribution and distribution data represents CPG's portion based on CPG's ownership percentage of each investment.

13. INCOME TAXES

The components of income tax expense were as follows:

Year Ended December 31, (in millions)	2015	2014	2013 Predecessor
Income Taxes			
Current			
Federal	**$ 12.1**	$ 19.5	$(15.5)
State	**9.1**	7.6	(11.9)
Total Current	**21.2**	27.1	(27.4)
Deferred			
Federal	**120.2**	119.2	157.4
State	**11.6**	23.5	16.6
Total Deferred	**131.8**	142.7	174.0
Deferred Investment Credits	**—**	(0.1)	(0.1)
Total Income Taxes	**$153.0**	$169.7	$146.5

Total income taxes from continuing operations were different from the amount that would be computed by applying the statutory federal income tax rate to book income before income tax. The major reasons for this difference were as follows:

Year Ended December 31, (in millions)	2015		2014		2013 Predecessor	
Book income from Continuing Operations before income taxes	**$460.5**		$438.4		$418.2	
Tax expense at statutory federal income tax rate	**161.2**	**35.0%**	153.5	35.0%	146.4	35.0%
Increases (reductions) in taxes resulting from:						
State income taxes, net of federal income tax benefit	**13.4**	**2.9**	20.3	4.6	3.0	0.7
Noncontrolling interest	**(14.0)**	**(3.0)**	—	—	—	—
AFUDC-Equity	**(9.2)**	**(2.0)**	(3.7)	(0.8)	(2.4)	(0.6)
Other, net	**1.6**	**0.3**	(0.4)	(0.1)	(0.5)	(0.1)
Total Income Taxes	**$153.0**	**33.2%**	$169.7	38.7%	$146.5	35.0%

The effective income tax rates were 33.2%, 38.7% and 35.0% in 2015, 2014 and 2013, respectively. The 5.5% decrease in the overall effective tax rate in 2015 versus 2014 was primarily due to income received following CPPL's IPO that is not subject to income tax at the partnership level, as well as state income taxes, utility rate-making and other permanent book-to-tax differences.

On December 18, 2015, the President signed into law the Protecting Americans from Tax Hikes Act of 2015 (PATH). PATH, among other things, permanently extends and modifies the research credit under Internal Revenue Code Section 41, and extends bonus depreciation (additional first-year depreciation) under a phase-down through 2019, as follows:

- At 50% for 2015-2017;
- At 40% in 2018; and

13. INCOME TAXES (Continued)

- At 30% in 2019.

In general, 50% bonus depreciation is available for qualified property placed in service in 2015, and in the following years, using the percentages above. CPG recorded the bonus depreciation effects of PATH for 2015 in the fourth quarter 2015. The permanent extension of the research credit did not have a significant effect on net income.

On December 19, 2014, the President signed into law the Tax Increase Prevention Act ("TIPA"). TIPA extended and modified 50% bonus depreciation for 2014. CPG recorded the effects of TIPA in the fourth quarter 2014. In general, 50% bonus depreciation is available for property placed in service before January 1, 2015, or in the case of certain property having longer production periods, before January 1, 2016. The retroactive extension of the research credit did not have a significant effect on net income.

On January 2, 2013, the President signed into law the American Taxpayer Relief Act of 2012 ("ATRA"). ATRA, among other things, extended retroactively the research credit under Internal Revenue Code section 41 until December 31, 2013, and also extended and modified 50% bonus depreciation for 2013. CPG recorded the effects of ATRA in the first quarter 2013.

In November 2015, the FASB issued Accounting Standard Update (ASU) 2015-17 simplifying the presentation of accumulated deferred income taxes on the balance sheet. ASU 2015-17 eliminated the requirement to separate deferred tax liabilities and assets into a current amount and a noncurrent amount on the balance sheet. ASU 2015-17 simplifies the presentation of ADIT by requiring ADIT liabilities and ADIT assets be classified as noncurrent on the balance sheet. The FASB decided that the amendments in ASU 2015-17 can be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The update is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2016 and earlier application is permitted.

CPG's Consolidated Balance Sheet reflects prospective early adoption of ASU 2015-17. The December 31, 2015 accumulated deferred income taxes is presented with application of ASU 2015-17, and is presented on the Consolidated Balance Sheet as a noncurrent liability. The December 31, 2014 balances were not restated.

Deferred income taxes result from temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities.

13. INCOME TAXES (Continued)

The principal components of CPG's net deferred tax liability were as follows:

At December 31, (in millions)	2015	2014
Deferred tax liabilities		
Accelerated depreciation and other property differences	**$1,429.2**	$1,235.2
Pension and other postretirement/postemployment benefits	**29.9**	27.7
Other regulatory assets	**71.8**	62.8
Equity method investments	**124.3**	99.2
Total Deferred Tax Liabilities	**1,655.2**	1,424.9
Deferred tax assets		
Other regulatory liabilities	**(126.8)**	(116.7)
Net operating loss carryforward	**(141.4)**	(70.3)
Other	**(38.9)**	(42.2)
Total Deferred Tax Assets	**(307.1)**	(229.2)
Net Deferred Tax Liabilities	**1,348.1**	1,195.7
Less: Deferred income taxes related to current assets and liabilities	**—**	(60.0)
Non-Current Deferred Tax Liability	**$1,348.1**	$1,255.7

State income tax net operating loss benefits for West Virginia were recorded at their full value which CPG anticipates it is more likely than not that it will realize these benefits, prior to their expiration. The $127.7 million Federal carryforward will expire in various tax years from 2033 through 2035 and the $13.7 million state net operating loss benefit carryforward will expire in various tax years from 2028 through 2035.

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is a $0.4 million decrease for December 31, 2015, zero for December 31, 2014 and a $0.1 million increase for December 31, 2013. CPG recognizes accrued interest on unrecognized tax benefits, accrued interest on other income tax liabilities, and tax penalties in income tax expense. No material amounts were recorded for the years ended December 31, 2015, 2014 and 2013, respectively.

CPG is subject to income taxation in the United States and various state jurisdictions, primarily Indiana, West Virginia, Virginia, Pennsylvania, Kentucky, Louisiana, Mississippi, Maryland, Tennessee, New Jersey and New York.

CPG was included in NiSource's consolidated federal return prior to its separation from NiSource on July 1, 2015. Because NiSource is part of the IRS's Large and Mid-Size Business program, each year's federal income tax return is typically audited by the IRS. As of December 31, 2015, federal income tax years through 2013 have been audited and are effectively closed to further assessment, except for immaterial carryforward amounts. The audit of NiSource's 2014 and 2015 consolidated federal tax return began in 2014 and 2015, respectively.

The statute of limitations in each of the state jurisdictions in which CPG operates remain open until the years are settled for federal income tax purposes, at which time amended state income tax returns reflecting all federal income tax adjustments are filed. As of December 31, 2015, there were no state income tax audits in progress that would have a material impact on the consolidated and combined financial statements.

14. PENSION AND OTHER POSTRETIREMENT BENEFITS

CPG provides defined contribution plans and noncontributory defined benefit retirement plans (“the CPG Plans”) that cover its employees. Benefits under the defined benefit retirement plans reflect the employees’ compensation, years of service and age at retirement. Additionally, CPG provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for CPG. The expected cost of such benefits is accrued during the employees’ years of service. Current rates charged to customers of CPG include postretirement benefit costs. Cash contributions are remitted to grantor trusts.

Prior to the Separation, CPG was a participant in the consolidated NiSource defined benefit retirement plans and was allocated a ratable portion of NiSource’s grantor trusts for the plans in which its employees and retirees participated. As a result, CPG followed multiple employer accounting under the provisions of GAAP. As of July 1, 2015, in connection with the Separation, accrued pension and postretirement benefit obligations for CPG participants and related plan assets were transferred to CPG. CPG continues to follow multiple employer accounting following the Separation.

Pension and Other Postretirement Benefit Plans’ Asset Management. CPG employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and asset class volatility. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value, small and large capitalizations. Other assets such as private equity funds may be used judiciously to enhance long-term returns while improving portfolio diversification. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying assets. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

To establish a long-term rate of return for plan assets assumption, past historical capital market returns and a proprietary forecast are evaluated. The long-term historical relationships between equities and fixed income are analyzed to ensure that they are consistent with the widely accepted capital market principle that assets with higher volatility generate greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. Peer data and historical returns are reviewed to check for reasonability and appropriateness.

The most important component of an investment strategy is the portfolio asset mix, or the allocation between the various classes of securities available to the pension and other postretirement benefit plans for investment purposes. The asset mix and acceptable minimum and maximum ranges established for the CPG plan assets represents a long-term view and are listed in the following table.

In 2012, an asset allocation policy for the pension fund was approved. This policy calls for a gradual reduction in the allocation to return-seeking assets (equities, real estate, private equity and hedge funds) and a corresponding increase in the allocation to liability-hedging assets (fixed income) as the funded status of the plans increase above 90% (as measured by the projected benefit obligations of the qualified pension plans divided by the market value of qualified pension plan assets). The asset mix and acceptable minimum

14. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

and maximum ranges established by the policy for the pension fund at the pension plans funded status on December 31, 2015 are as follows:

Asset Mix Policy of Funds:

	Defined Benefit Pension Plan		Postretirement Benefit Plan	
Asset Category	**Minimum**	**Maximum**	**Minimum**	**Maximum**
Domestic Equities	25%	45%	35%	55%
International Equities	15%	25%	15%	25%
Fixed Income	23%	37%	20%	50%
Real Estate/Private Equity/Hedge Funds	0%	15%	0%	0%
Short-Term Investments	0%	10%	0%	10%

Pension Plan and Postretirement Plan Asset Mix at December 31, 2015 and December 31, 2014:

	Defined Benefit Pension Plan Assets		Postretirement Benefit Plan Assets	
December 31, 2015 Asset Class	**Asset Value**	**% of Total Assets**	**Asset Value**	**% of Total Assets**
	(in millions)		(in millions)	
Domestic Equities	$141.0	39.4%	$101.6	44.4%
International Equities	62.5	17.5%	42.8	18.8%
Fixed Income	123.3	34.4%	76.6	33.6%
Cash/Other	31.0	8.7%	7.2	3.2%
Total	**$357.8**	100.0%	**$228.2**	100.0%

	Defined Benefit Pension Plan Assets		Postretirement Benefit Plan Assets	
December 31, 2014 Asset Class	**Asset Value**	**% of Total Assets**	**Asset Value**	**% of Total Assets**
	(in millions)		(in millions)	
Domestic Equities	$144.2	41.1%	$105.7	47.2%
International Equities	63.3	18.1%	41.2	18.4%
Fixed Income	120.9	34.4%	76.3	34.1%
Real Estate/Private Equity/Hedge Funds	17.7	5.0%	—	— %
Cash/Other	4.9	1.4%	0.6	0.3%
Total	**$351.0**	100.0%	**$223.8**	100.0%

The categorization of investments into the asset classes in the table above are based on definitions established by the CPG Benefits Committee.

Fair Value Measurements. The following table sets forth, by level within the fair value hierarchy, the CPG Pension Plan Trust and OPEB investment assets at fair value as of December 31, 2015 and 2014. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Total CPG Pension Plan Trust and OPEB investment assets at fair value classified within Level 3 were zero and $17.6 million as of December 31, 2015 and December 31, 2014, respectively. Such amounts were approximately zero and 3% of the CPG Pension Plan Trust and OPEB's total investments as

14. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

reported on the statement of net assets available for benefits at fair value as of December 31, 2015 and 2014, respectively.

Valuation Techniques Used to Determine Fair Value:

Level 1 Measurements

Most common and preferred stock are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period presented. Cash is stated at cost which approximates their fair value, with the exception of cash held in foreign currencies which fluctuates with changes in the exchange rates. Government bonds, short-term bills and notes are priced based on quoted market values.

Level 2 Measurements

Most U.S. Government Agency obligations, mortgage/asset-backed securities, and corporate fixed income securities are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Other fixed income includes futures and options which are priced on bid valuation or settlement pricing.

Commingled funds that hold underlying investments that have prices which are derived from the quoted prices in active markets are classified as Level 2. The funds' underlying assets are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. The fair value of the investments in commingled funds has been estimated using the net asset value per share of the investments.

Level 3 Measurements

Commingled funds that hold underlying investments that have prices which are not derived from the quoted prices in active markets are classified as Level 3. The respective fair values of these investments are determined by reference to the funds' underlying assets, which are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. These investments are often valued by investment managers on a periodic basis using pricing models that use market, income, and cost valuation methods.

The hedge funds of funds invest in several strategies including fundamental long/short, relative value, and event driven. Hedge fund of fund investments may be redeemed annually, usually with 100 days' notice. Private equity investment strategies include buy-out, venture capital, growth equity, distressed debt, and mezzanine debt. Private equity investments are held through limited partnerships.

Limited partnerships are valued at estimated fair market value based on their proportionate share of the partnership's fair value as recorded in the partnerships' audited financial statements. Partnership interests represent ownership interests in private equity funds and real estate funds. Real estate partnerships invest in natural resources, commercial real estate and distressed real estate. The fair value of these investments is determined by reference to the funds' underlying assets, which are principally securities, private businesses, and real estate properties. The value of interests held in limited partnerships, other than securities, is determined by the general partner, based upon third-

14. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

party appraisals of the underlying assets, which include inputs such as cost, operating results, discounted cash flows and market based comparable data. Private equity and real estate limited partnerships typically call capital over a 3 to 5 year period and pay out distributions as the underlying investments are liquidated. The typical expected life of these limited partnerships is 10-15 years and these investments typically cannot be redeemed prior to liquidation.

For the year ended December 31, 2015, there were no significant changes to valuation techniques to determine the fair value of CPG's pension and other postretirement benefits' assets.

Fair Value Measurements at December 31, 2015:

Fair Value Measurements (in millions)	December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension plan assets				
Cash	$ 0.9	$ 0.9	$ —	$—
Equity securities				
International equities	6.6	6.6	—	—
Fixed income securities				
Government	8.5	—	8.5	—
Corporate	13.0	—	13.0	—
Commingled funds				
Short-term money markets	31.1	—	31.1	—
U.S. equities	141.0	—	141.0	—
International equities	55.6	—	55.6	—
Fixed income	100.9	—	100.9	—
Pension plan assets subtotal	357.6	7.5	350.1	—
Other postretirement benefit plan assets				
Commingled funds				
Short-term money markets	7.3	—	7.3	—
U.S. equities	13.9	—	13.9	—
Mutual funds				
U.S. equities	87.7	87.7	—	—
International equities	42.8	42.8	—	—
Fixed income	76.5	76.5	—	—
Other postretirement benefit plan assets subtotal	228.2	207.0	21.2	—
Due to brokers, net[(1)]	(0.4)			
Accrued investment income/dividends	0.6			
Total pension and other postretirement benefit plan assets	$586.0	$214.5	$371.3	$—

(1) This class represents pending trades with brokers.

14. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2015:

(in millions)	Balance at January 1, 2015	Total gains or losses (unrealized / realized)	Purchases	(Sales)	Transfers into/(out of) level 3	Separation Allocation[1]	Balance at December 31, 2015
Fixed income securities							
Other fixed income	$ 0.1	$—	$—	$—	$—	$ (0.1)	$—
Private equity limited partnerships							
U.S. multi-strategy	8.5	—	—	—	—	(8.5)	—
International multi-strategy	5.3	—	—	—	—	(5.3)	—
Distressed opportunities	1.1	—	—	—	—	(1.1)	—
Real estate	2.6	—	—	—	—	(2.6)	—
Total	$17.6	$—	$—	$—	$—	(17.6)	$—

(1) Level 3 assets were not contributed to the CPG Plans upon Separation from NiSource and no subsequent investments were made in Level 3 assets post Separation.

14. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

Fair Value Measurements at December 31, 2014:

Fair Value Measurements (in millions)	December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension plan assets				
Cash	$ 2.6	$ 2.6	$ —	$—
Equity securities				
U.S. equities	0.1	0.1	—	—
International equities	20.3	20.2	0.1	—
Fixed income securities				
Government	17.8	15.7	2.1	—
Corporate	38.7	—	38.7	—
Mortgages/Asset backed securities	0.4	—	0.4	—
Other fixed income	0.1	—	—	0.1
Commingled funds				
Short-term money markets	4.9	—	4.9	—
U.S. equities	144.2	—	144.2	—
International equities	42.1	—	42.1	—
Fixed income	61.6	—	61.6	—
Private equity limited partnerships				
U.S. multi-strategy[1]	8.5	—	—	8.5
International multi-strategy[2]	5.3	—	—	5.3
Distressed opportunities	1.1	—	—	1.1
Real Estate	2.6	—	—	2.6
Pension plan assets subtotal	350.3	38.6	294.1	17.6
Other postretirement benefit plan assets				
Commingled funds				
Short-term money markets	0.8	—	0.8	—
U.S. equities	14.3	—	14.3	—
Mutual funds				
U.S. equities	91.3	91.3	—	—
International equities	41.2	41.2	—	—
Fixed income	76.2	76.2	—	—
Other postretirement benefit plan assets subtotal	223.8	208.7	15.1	—
Due to brokers, net[3]	(0.1)			
Accrued investment income/dividends	0.1			
Net receivables	0.7			
Total pension and other postretirement benefit plan assets	$574.8	$247.3	$309.2	$17.6

(1) This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily in the United States.

(2) This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily outside the United States.

(3) This class represents pending trades with brokers.

14. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2014:

(in millions)	Balance at January 1, 2014	Total gains or losses (unrealized / realized)	Purchases	(Sales)	Transfers into/(out of) level 3	Balance at December 31, 2014
Fixed income securities						
Other fixed income	$—	$—	$0.1	$—	$—	$ 0.1
Private equity limited partnerships						
U.S. multi-strategy	8.7	0.4	0.4	(1.0)	—	8.5
International multi-strategy	5.8	(0.1)	0.1	(0.5)	—	5.3
Distress opportunities	1.4	0.1	—	(0.4)	—	1.1
Real estate	3.0	0.3	—	(0.7)	—	2.6
Total	$18.9	$ 0.7	$0.6	$(2.6)	$—	$17.6

14. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

Pension and Other Postretirement Benefit Plans' Funded Status and Related Disclosure. The following table provides a reconciliation of the plans' funded status and amounts reflected in CPG's Consolidated Balance Sheets at December 31 based on a December 31 measurement date:

(in millions)	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
Change in projected benefit obligation[1]				
Benefit obligation at beginning of year	**$397.6**	$376.7	**$124.2**	$120.9
Service cost	**5.9**	4.8	**1.0**	1.1
Interest cost	**15.0**	15.7	**4.7**	5.2
Plan participants' contributions	**—**	—	**2.3**	3.0
Actuarial loss (gain)	**(6.9)**	22.7	**(12.4)**	5.7
Benefits paid	**(29.7)**	(22.3)	**(9.8)**	(12.4)
Estimated benefits paid by incurred subsidy	**—**	—	**0.3**	0.7
Transfer of participant balances from NiSource plans[2]	**22.6**	—	**1.8**	—
Projected benefit obligation at end of year	**$404.5**	$397.6	**$112.1**	$124.2
Change in plan assets				
Fair value of plan assets at beginning of year	**$351.0**	$344.5	**$223.8**	$209.7
Actual return on plan assets	**1.2**	21.1	**(2.5)**	11.6
Employer contributions	**20.0**	7.7	**13.5**	11.9
Plan participants' contributions	**—**	—	**2.3**	3.0
Benefits paid	**(29.7)**	(22.3)	**(9.8)**	(12.4)
Transfer of participant balances from NiSource plans[2]	**15.3**	—	**0.9**	—
Fair value of plan assets at end of year	**$357.8**	$351.0	**$228.2**	$223.8
Funded status at end of year	**$(46.7)**	$(46.6)	**$116.1**	$ 99.6
Amounts recognized in the balance sheet consist of:				
Noncurrent assets	**$ —**	$ —	**$116.1**	$113.1
Current liabilities	**(0.8)**	—	**—**	—
Noncurrent liabilities	**(45.9)**	(46.6)	**—**	(13.5)
Net amount recognized at end of year[3]	**$(46.7)**	$(46.6)	**$116.1**	$ 99.6
Amounts recognized in AOCI or regulatory assets/liabilities[4]				
Unrecognized prior service credit	**$ (3.7)**	$ (4.7)	**$ (2.0)**	$ (2.6)
Unrecognized actuarial loss (gain)	**164.5**	148.7	**(3.9)**	(12.5)
Total recognized AOCI or regulatory assets/liabilities	**$160.8**	$144.0	**$ (5.9)**	$(15.1)

(1) The change in benefit obligation for Pension Benefits represents the change in Projected Benefit Obligation while the change in benefit obligation for Other Postretirement Benefits represents the change in Accumulated Postretirement Benefit Obligation.

(2) Reflects the transfer of additional pension and OPEB plan participants to CPGSC upon Separation from NiSource that were determined in the current year.

(3) CPG recognizes in its Consolidated Balance Sheets the underfunded and overfunded status of its various defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation.

(4) CPG determined that the future recovery of pension and other postretirement benefits costs is probable. CPG recorded regulatory assets and liabilities of $135.2 million and $0.7 million, respectively, as of December 31, 2015, and $120.9 million and $8.3 million, respectively, as of December 31, 2014 that would otherwise have been recorded to accumulated other comprehensive loss.

CPG's accumulated benefit obligation for its pension plans was $404.5 million and $397.6 million as of December 31, 2015 and 2014, respectively. The accumulated benefit obligation as of a date is the actuarial

14. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

present value of benefits attributed by the pension benefit formula to employee service rendered prior to that date and based on current and past compensation levels.

CPG's pension plans were underfunded by $46.7 million at December 31, 2015, compared to being underfunded by $46.6 million at December 31, 2014. CPG contributed $20.0 million and $7.7 million to its pension plans in 2015 and 2014, respectively.

During 2015, CPG's funded status for its other postretirement benefit plans improved by $16.5 million to an overfunded status of $116.1 million primarily due to favorable claims experience and the implementation of new mortality assumptions released by the Society of Actuaries in 2014, offset by unfavorable asset returns. CPG contributed approximately $13.5 million and $11.9 million to its other postretirement benefit plans in 2015 and 2014, respectively. No amounts of CPG's pension or other postretirement benefit plans' assets are expected to be returned to CPG or any of its subsidiaries in 2016.

In 2013, NiSource pension plans had year to date lump sum payouts exceeding the plans' 2013 service cost plus interest cost and, therefore, settlement accounting was required. As a result, the Predecessor recorded a settlement charge of $13.8 million in 2013. The Predecessor's net periodic pension benefit cost for 2013 was decreased by $1.3 million as a result of the interim remeasurements.

The following table provides the key assumptions that were used to calculate the pension and other postretirement benefits obligations for CPG's various plans as of December 31:

	Pension Benefits		Other Postretirement Benefits	
	2015	**2014**	**2015**	**2014**
Weighted-average assumptions to Determine Benefit Obligation				
Discount Rate	**4.05%**	3.64%	**4.29%**	3.96%
Rate of Compensation Increases	**4.00%**	4.00%		
Health Care Trend Rates				
Trend for Next Year			**8.39%**	6.90%
Ultimate Trend			**4.50%**	4.50%
Year Ultimate Trend Reached			**2022**	2021

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

(in millions)	1% point increase	1% point decrease
Effect on service and interest components of net periodic cost	$0.1	$(0.1)
Effect on accumulated postretirement benefit obligation	3.1	(2.8)

CPG expects to make contributions of approximately $0.8 million to its pension plans and approximately $2.2 million to its postretirement medical and life plans in 2016.

The following table provides benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits are estimated based on the same

14. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

assumptions used to measure CPG's benefit obligation at the end of the year and includes benefits attributable to the estimated future service of employees:

(in millions)	Pension Benefits	Other Postretirement Benefits	Federal Subsidy Receipts
Year(s)			
2016	$ 34.9	$ 8.2	$0.6
2017	33.9	8.0	0.6
2018	35.1	8.0	0.6
2019	35.8	7.9	0.6
2020	37.1	7.9	0.5
2021-2025	175.3	37.4	1.7

The following table provides the components of the plans' net periodic benefits cost for each of the three years ended December 31, 2015, 2014 and 2013:

	Pension Benefits			Other Postretirement Benefits		
(in millions)	2015	2014	2013 Predecessor	2015	2014	2013 Predecessor
Components of Net Periodic Benefit Cost (Income)						
Service cost	**$ 5.9**	$ 4.8	$ 4.9	**$ 1.0**	$ 1.1	$ 1.5
Interest cost	**15.0**	15.7	14.6	**4.7**	4.6	5.4
Expected return on assets	**(28.2)**	(27.3)	(25.5)	**(18.1)**	(16.6)	(13.8)
Amortization of prior service (credit) cost	**(1.1)**	(1.1)	(1.1)	**(0.3)**	0.1	0.1
Recognized actuarial loss (gain)	**9.9**	7.5	12.3	**(0.3)**	—	1.0
Net Periodic Benefit Cost (Income)	**1.5**	(0.4)	5.2	**(13.0)**	(10.8)	(5.8)
Settlement loss	**—**	—	13.8	**—**	—	—
Total Net Periodic Benefit Cost (Income)	**$ 1.5**	$ (0.4)	$ 19.0	**$(13.0)**	$(10.8)	$ (5.8)

The $1.9 million increase in the actuarially-determined pension benefit cost (income) is due primarily to the transfer of additional pension plan participants to CPGSC upon Separation from NiSource, decreased discount rates and unfavorable asset returns in 2015 compared to 2014. For its other postretirement benefit plans, CPG recognized $13.0 million in net periodic benefit income in 2015 compared to net periodic benefit income of $10.8 million in 2014 due primarily to favorable claims experience, offset by a decrease in discount rates in 2015 compared to 2014.

14. PENSION AND OTHER POSTRETIREMENT BENEFITS (Continued)

The following table provides the key assumptions that were used to calculate the net periodic benefits cost for CPG's various plans:

	Pension Benefits			Other Postretirement Benefits		
	2015	2014	2013 Predecessor	2015	2014	2013 Predecessor
Weighted-average Assumptions to Determine Net Periodic Benefit Cost						
Discount Rate	**3.84%**	4.34%	3.36%	**4.10%**	4.76%	3.92%
Expected Long-Term Rate of Return on Plan Assets	**8.20%**	8.30%	8.30%	**8.05%**	8.14%	8.17%
Rate of Compensation Increases	**4.00%**	4.00%	4.00%			

CPG believes it is appropriate to assume an 8.20% and 8.05% rate of return on pension and other postretirement plan assets, respectively, for its calculation of 2015 pension benefits cost. This is primarily based on asset mix and historical rates of return.

The following table provides other changes in plan assets and projected benefit obligations recognized in other comprehensive income or regulatory asset or liability:

(in millions)	Pension Benefits 2015	Pension Benefits 2014	Other Postretirement Benefits 2015	Other Postretirement Benefits 2014
Other changes in plan assets and projected benefit obligations recognized in other comprehensive income or regulatory assets or liabilities				
Net actuarial loss	**$25.6**	$28.9	**$ 8.6**	$11.8
Less: amortization of prior service (credit) cost	**1.1**	1.1	**0.3**	(0.1)
Less: amortization of net actuarial (gain) loss	**(9.9)**	(7.5)	**0.3**	—
Total recognized in other comprehensive income or regulatory assets or liabilities	**$16.8**	$22.5	**$ 9.2**	$11.7
Amount recognized in net periodic benefit cost and other comprehensive income or regulatory assets or liabilities	**$18.3**	$22.1	**$(3.8)**	$ 0.9

Based on a December 31 measurement date, the net unrecognized actuarial loss, unrecognized prior service cost (credit), and unrecognized transition obligation that will be amortized into net periodic benefit cost during 2016 for the pension plans are $12.4 million, $(1.2) million and zero, respectively, and for other postretirement benefit plans are $0.2 million, $(0.7) million and zero, respectively.

15. FAIR VALUE

CPG has certain financial instruments that are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature, including cash and cash equivalents, customer deposits, short-term borrowings and short-term borrowings-affiliated. CPG's long-term debt and long-term debt-affiliated are recorded at historical amounts.

15. FAIR VALUE (Continued)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term debt and Long-term debt-affiliated. The fair values of these securities are estimated based on the quoted market prices for similar issues or on the rates offered for securities of the same remaining maturities. These fair value measurements are classified as Level 2 within the fair value hierarchy. For the years ended December 31, 2015 and 2014, there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

The carrying amount and estimated fair values of financial instruments were as follows:

At December 31, (in millions)	Carrying Amount 2015	Estimated Fair Value 2015	Carrying Amount 2014	Estimated Fair Value 2014
Current portion of long-term debt-affiliated	**$ —**	**$ —**	$ 115.9	$ 120.0
Long-term debt	**2,746.2**	**2,592.1**	—	—
Long-term debt-affiliated	**—**	**—**	1,472.8	1,550.4

16. AUTHORIZED PREFERRED STOCK

CPG has 80,000,000 authorized shares of preferred stock with a $0.01 par value.

As of December 31, 2015, CPG had no preferred shares outstanding. All of CPG's retained earnings at December 31, 2015 are free of restrictions.

17. COMMON STOCK

As of December 31, 2015, CPG had 2,000,000,000 authorized shares of common stock with a $0.01 par value.

Common Stock Offering. On December 7, 2015, CPG completed the sale of 82,225,000 shares of common stock, including 10,725,000 shares of common stock that were issued pursuant to the exercise in full of the underwriters' over-allotment option. CPG received net proceeds of $1,394.7 million, net of underwriting discounts and estimated offering expenses of approximately $44.2 million.

Common Stock Dividends. Holders of shares of CPG's common stock are entitled to receive dividends when, as and if declared by the board of directors out of funds legally available for that purpose. CPG paid quarterly common dividends totaling $0.25 per share for the year ended December 31, 2015. At its January 29, 2016 meeting, the board of directors declared a $0.12875 per share quarterly common dividend, payable on February 19, 2016 to holders of record on February 8, 2016.

18. SHARE-BASED COMPENSATION

Prior to the Separation, CPG employees participated in NiSource's Omnibus Incentive Plan (the "NiSource Plan") and had outstanding awards under the NiSource Director Stock Incentive Plan ("NiSource Director Plan"), which was terminated in 2010. Upon the Separation, outstanding CPG employee restricted stock units, performance units and employee director awards previously issued under the NiSource Plan and NiSource Director Plan were adjusted and converted into new CPG share-based awards under the Columbia Pipeline Group, Inc. 2015 Omnibus Incentive Plan (the "Omnibus Plan") using a formula designed to preserve the intrinsic value and fair value of the awards immediately prior to the Separation. The performance targets applicable to the performance units were frozen at the levels achieved as of the Separation and pro-rated to reflect the proportion of the service period completed. Under the Omnibus

18. SHARE-BASED COMPENSATION (Continued)

Plan, these awards represent restricted stock units with no performance contingencies. All adjusted awards retained the vesting schedule of the original awards.

The Omnibus Plan term began on the effective date of the Separation. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. The Omnibus Plan provides that the number of shares of common stock of CPG available for awards is 8,000,000. At December 31, 2015, there were 5,513,260 shares reserved for future awards under the Omnibus Plan.

CPG recognized stock-based employee compensation expense of $7.9 million, $4.4 million and $1.1 million, during 2015, 2014 and 2013, respectively, as well as related tax benefits of $2.9 million, $1.6 million and $0.4 million, respectively.

As of December 31, 2015, the total remaining unrecognized compensation cost related to nonvested awards amounted to $21.0 million, which will be amortized over the weighted-average remaining requisite service period of 2.0 years.

Restricted Stock Units and Restricted Stock. In 2015, CPG granted restricted stock units and shares of restricted stock of 130,160, subject to service conditions. The total grant date fair value of the shares of restricted stock units and shares of restricted stock was $3.6 million, based on the average market price of CPG's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of December 31, 2015, 129,665 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding for the 2015 award.

In 2015, NiSource granted restricted stock units and shares of restricted stock that were converted into 450,107 CPG restricted stock units at Separation, subject to service conditions. The total grant date fair value of the shares of restricted stock units and shares of restricted stock was $11.6 million, based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period converted into CPG common stock awards, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of December 31, 2015, 450,107 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding for the 2015 award.

In 2014, NiSource granted restricted stock units and shares of restricted stock that were converted into 198,532 CPG restricted stock units at Separation, subject to service conditions. The total grant date fair value of the restricted stock units and shares of restricted stock was $4.2 million, based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period converted into CPG common stock awards, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of December 31, 2015, 198,532 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding for the 2014 award.

In 2013, NiSource granted restricted stock units and shares of restricted stock that were converted into 31,655 CPG restricted stock units at Separation, subject to service conditions. The total grant date fair value of the restricted stock units and shares of restricted stock was $0.5 million, based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period converted into CPG common stock awards, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of December 31, 2015,

18. SHARE-BASED COMPENSATION (Continued)

30,087 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding for the 2013 award.

If the employee terminates employment before the service conditions lapse under the 2013, 2014 and 2015 awards due to (1) Retirement or Disability (as defined in the award agreement), or (2) death, the service conditions will lapse on the date of such termination with respect to a pro rata portion of the restricted stock units and shares of restricted stock. In the event of a Change-in-Control (as defined in the award agreement), all unvested shares of restricted stock and restricted stock units awarded prior to 2015 will immediately vest upon termination of employment occurring in connection with a change-in-control. Termination due to any other reason will result in all unvested shares of restricted stock and restricted stock units awarded being forfeited effective on the employee's date of termination.

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2014	230,187	$20.27
Performance shares converted to restricted shares at Separation	1,460,401	15.66
Granted	580,267	26.29
Forfeited	(495)	28.25
Vested	(1,568)	18.24
Nonvested and Expected to Vest at December 31, 2015	**2,268,792**	**$18.85**

Performance Shares. In 2015, CPG granted 161,504 performance shares subject to performance and service conditions. The grant date fair-value of the awards was $4.5 million, based on the average market price of CPG's common stock at the date of the grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service period. The performance condition is based on achievement of relative total stockholder return, a non-GAAP financial measure that CPG defines as the annualized growth in dividends and share price as a share of CPG's common stock (calculated using a 20 trading day average of CPG's closing price, over a period beginning July 31, 2015 and ending on June 30, 2018) compared to the total stockholder return performance of a predetermined peer group of companies. The service conditions lapse on July 12, 2018 when the shares vest provided the performance criteria is satisfied. As of December 31, 2015, 161,504 nonvested performance shares were granted and outstanding of the 2015 award.

In 2014, NiSource granted performance shares that were converted to 586,219 CPG restricted stock units at Separation, subject to performance and service conditions. The grant date fair-value of the awards was $11.3 million, based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service period. Through the conversion, the performance contingencies were removed from these awards. The service conditions lapse on February 28, 2017, when the shares vest. As of December 31, 2015, 586,219 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding for the 2014 award.

In 2013, NiSource granted performance shares that were converted to 874,182 CPG restricted stock units at Separation, subject to performance and service conditions. The grant date fair-value of the awards was $11.6 million, based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service period. Through the conversion, the performance contingencies were removed from these awards. The service conditions lapsed on January 30, 2016 when the

18. SHARE-BASED COMPENSATION (Continued)

shares vested. As of December 31, 2015, 874,182 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding for the 2013 award.

If the employee terminates employment before the performance and service conditions lapse under the 2013, 2014 and 2015 awards due to (1) Retirement or Disability (as defined in the award agreement), or (2) death, the employment conditions will lapse with respect to a pro rata portion of the performance shares payable at target on the date of termination provided the performance criteria are met. In the event of a Change-in-Control (as defined in the award agreement), all unvested performance shares will immediately vest. Termination due to any other reason will result in all performance shares awarded being forfeited effective on the employee's date of termination.

	Contingent Awards	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2014	1,460,401	$15.66
Performance shares converted to restricted shares at Separation	(1,460,401)	15.66
Granted	161,504	28.16
Forfeited	—	—
Vested	—	—
Nonvested and Expected to Vest at December 31, 2015	**161,504**	**$28.16**

Non-employee Director Awards. Currently, restricted stock units are granted annually to non-employee directors, subject to a non-employee director's election to defer receipt of such restricted stock unit award. The non-employee director's restricted stock units vest the first anniversary of the grant thereof, subject to special pro-rata vesting rules in the event of Retirement or Disability (as defined in the award agreement), or death. The vested restricted stock units are payable as soon as practicable following vesting except as otherwise provided pursuant to the non-employee director's election to defer. As of December 31, 2015, a total of 52,035 units are outstanding to non-employee directors under the Omnibus Plan. Of these awards, 13,495 were granted under the NiSource Plan and converted into 21,399 CPG units while the remaining 30,636 were granted by CPG subsequent to the Separation.

Fully vested restricted stock units that remained outstanding under the NiSource Plan and NiSource Director Plan as of the Separation date were converted into CPG awards. All such awards shall be distributed to the directors upon their separation from CPG's board of directors or such later date as elected. As of December 31, 2015, 226,908 restricted stock units remain outstanding.

401(k) Match, Profit Sharing and Company Contribution. CPG has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions. CPG also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of common stock to eligible employees based on earnings results; and eligible employees hired after January 1, 2010, receive a non-elective company contribution of three percent of eligible pay. For the years ended December 31, 2015, 2014 and 2013, CPG recognized 401(k) match, profit sharing and non-elective contribution expense of $9.8 million, $8.4 million and $6.1 million, respectively.

19. OTHER COMMITMENTS AND CONTINGENCIES

A. Guarantees and Indemnities. In the normal course of business, CPG and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain

19. OTHER COMMITMENTS AND CONTINGENCIES (Continued)

subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a parent or subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the parent or subsidiaries' intended commercial purposes. The total guarantees and indemnities in existence at December 31, 2015 and the years in which they expire were:

(in millions)	Total	2016	2017	2018	2019	2020	After
Letters of credit	$18.1	$18.1	$—	$—	$—	$—	$—
Other guarantees	45.7	0.6	2.0	—	—	—	43.1
Total commercial commitments	$63.8	$18.7	$ 2.0	$—	$—	$—	$43.1

Guarantees of Debt. Certain of CPG's subsidiaries, including OpCo GP, Columbia OpCo and CEG have guaranteed payment of $2,750.0 million in aggregated principal amount of CPG's senior notes. Each guarantor of CPG's obligations is required to comply with covenants under the debt indenture and in the event of default the guarantors would be obligated to pay the debt's principal and related interest. CPG does not anticipate its subsidiaries will have any difficulty maintaining compliance.

Lines and Letters of Credit. CPG maintains a $1,500.0 million senior revolving credit facility, of which $250.0 million in letters of credit is available. CPG expects that $750.0 million of this facility will be utilized as credit support for Columbia OpCo and its subsidiaries and the remaining $750.0 million of this facility will be available for CPG's general corporate purposes, including working capital. The revolving credit facility will provide liquidity support for CPG's $1,000.0 million commercial paper program. As of December 31, 2015, CPG had no borrowings outstanding and $18.1 million in letters of credit outstanding under its revolving credit facility. CPPL maintains a $500.0 million senior revolving credit facility, of which $50.0 million is available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures, and the funding of capital calls. As of December 31, 2015, CPPL had $15.0 million in outstanding borrowings and no letters of credit under its revolving credit facility.

CPG has established a commercial paper program (the "Program") pursuant to which CPG may issue short-term promissory notes (the "Promissory Notes") pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"). Amounts available under the Program may be borrowed, repaid and re-borrowed from time to time, with the aggregate face or principal amount of the Promissory Notes outstanding under the Program at any time not to exceed $1,000.0 million. CEG, OpCo GP and Columbia OpCo have each agreed, jointly and severally, unconditionally and irrevocably to guarantee payment in full of the principal of and interest (if any) on the Promissory Notes. The net proceeds of issuances of the Promissory Notes are expected to be used for general corporate purposes. As of December 31, 2015, CPG had no Promissory Notes outstanding under the Program.

Other Guarantees or Obligations. CPG has purchase and sale agreement guarantees totaling $45.7 million, which guarantee purchaser performance or seller performance under covenants, obligations, liabilities, representations or warranties under the agreements. No amounts related to the purchase and sale agreement guarantees are reflected in the Consolidated Balance Sheets. Management believes that the likelihood CPG would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

19. OTHER COMMITMENTS AND CONTINGENCIES (Continued)

CPG has on deposit a letter of credit with MUFG Union Bank, N.A., Collateral Agent, in a debt service reserve account in association with Millennium Pipeline's notes as required under the Deposit and Disbursement Agreement that governs the Millennium Pipeline notes. This account is to be drawn upon by the note holders in the event that Millennium Pipeline is delinquent on its principal and interest payments. The value of CPG's letter of credit represents 47.5% (CPG's ownership interest in Millennium Pipeline) of the debt service reserve account requirement, or $16.2 million. The total exposure for CPG is $16.2 million. CPG has an accrued liability of $1.5 million related to the inception date fair value of this guarantee as of December 31, 2015.

Other Legal Proceedings. In the normal course of its business, CPG has been named as a defendant in various legal proceedings. In the opinion of CPG, the ultimate disposition of these currently asserted claims will not have a material impact on CPG's consolidated financial statements.

B. Tax Matters. CPG records liabilities for potential income tax assessments. The accruals relate to tax positions in a variety of taxing jurisdictions and are based on CPG's estimate of the ultimate resolution of these positions. These liabilities may be affected by changing interpretations of laws, rulings by tax authorities, or the expiration of the statute of limitations. CPG was included in NiSource's consolidated federal return for tax years prior to December 31, 2014 and will be included in NiSource's consolidated 2015 federal return through July 1, 2015. NiSource is part of the IRS Large and Mid-Size Business program. As a result, each year's federal income tax return is typically audited by the IRS. As of December 31, 2015, tax years through 2013 have been audited and are effectively closed to further assessment, except for immaterial carryforward amounts. The audit of tax years 2014 and 2015 under the Compliance Assurance Program ("CAP") is in process. As of December 31, 2015, there were no state income tax audits in progress that would have a material impact on the consolidated and combined financial statements.

CPG is currently being audited for sales and use tax compliance in the state of Louisiana, New York, Ohio, and West Virginia. None of these sales and use tax audits are expected to have a material impact on the consolidated and combined financial statements.

C. Environmental Matters. CPG's operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. CPG believes that it is in substantial compliance with those environmental regulations currently applicable to its operations and believes that it has all necessary material permits to conduct its operations.

It is CPG's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that CPG will not incur fines and penalties.

As of December 31, 2015 and 2014, CPG has liabilities recorded of approximately $8.3 million and $14.3 million, respectively, to cover environmental remediation at various sites. The current portion of these liabilities is included in "Other accruals" in the Consolidated Balance Sheets. The noncurrent portion is included in "Other noncurrent liabilities" in the Consolidated Balance Sheets. CPG accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for cleanup can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup, and the availability of cost recovery from customers. As of the date of these financial statements, these expenditures are not estimable at some sites. CPG periodically adjusts its accrual as information is collected and estimates become more refined.

19. OTHER COMMITMENTS AND CONTINGENCIES (Continued)

Air

The CAA and comparable state laws regulate emissions of air pollutants from various industrial sources, including compressor stations, and also impose various monitoring and reporting requirements. Such laws and regulations may require pre-approval for the construction or modification of certain projects or facilities expected to produce air emissions or result in an increase of existing air emissions; application for, and strict compliance with, air permits containing various emissions and operational limitations; or the utilization of specific emission control technologies to limit emissions. The actions listed below could require further reductions in emissions from various emission sources. CPG will continue to closely monitor developments in these matters.

National Ambient Air Quality Standards. The federal CAA requires the EPA to set NAAQS for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically, the EPA imposes new or modifies existing NAAQS. States that contain areas that do not meet the new or revised standards must take steps to maintain or achieve compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines, and other facilities owned by gas transmission operations.

The following NAAQS were recently added or modified:

Ozone: On October 1, 2015, the EPA issued a final rule lowering the NAAQS for ground-level ozone to 70 ppb under both the primary and secondary standards to provide requisite protection of public health and welfare, respectively. The EPA is required to include an adequate margin of safety in establishing the primary ozone standard for protection of public health, whereas the secondary ozone standard is intended to improve protection for trees, plants and ecosystems. The final rule becomes effective sixty days after the rule is published in the Federal Register. The EPA is required to make attainment and non-attainment designations for specific geographic locations under the revised standards by October 1, 2017 and, depending on the severity of the ozone present, non-attainment areas will have until between 2020 and 2037 to meet the health standard. With the EPA lowering the ground-level ozone standard, states may be required to implement more stringent regulations. Based on the current version of the rule, CPG does not expect a material impact on its operations.

Nitrogen Dioxide (NO2): The EPA revised the NO2 NAAQS by adding a one-hour standard while retaining the annual standard. The new standard could impact some CPG combustion sources. The EPA designated all areas of the country as unclassifiable/attainment in January 2012. After the establishment of a new monitoring network and possible modeling implementation, areas will potentially be re-designated sometime in 2016. States with areas that do not meet the standard will be required to develop rules to bring areas into compliance within five years of designation. Additionally, under certain permitting circumstances, emissions from some existing CPG combustion sources may need to be assessed and mitigated. CPG will continue to monitor this matter and cannot estimate the impact of these rules at this time.

Climate Change. The EPA has already promulgated regulations requiring the monitoring and reporting of GHG emissions from, among other sources, certain onshore natural gas transmission and storage facilities, including gathering and boosting facilities, completions and workovers of oil wells with hydraulic fracturing, and blowdowns of natural gas transmission pipelines between compressor stations, in the U.S. on an annual basis. Future legislative and regulatory programs could significantly restrict emissions of greenhouse gases including methane.

New Source Performance Standards: On August 18, 2015, the EPA proposed to regulate fugitive methane emissions for compressor stations in the natural gas transmission and storage sector. The proposed rule was subsequently published in the Federal Register on September 18, 2015. Semiannual leak detection and

19. OTHER COMMITMENTS AND CONTINGENCIES (Continued)

repair requirements using optical gas imaging are proposed for all components at new or existing compressor stations. Existing compressor stations trigger leak detection and repair requirements if any unit at the facility is modified. The EPA proposed additional requirements for any new or modified centrifugal or reciprocating compressors. Replacement of wet seals with dry seals or demonstrating a 95% reduction of methane emissions from wet seals is proposed for centrifugal compressors and rod packing replacement for reciprocating compressors is proposed every 26,000 hours of operation or every three years. CPG will continue to monitor this matter and cannot estimate the impact of these rules at this time.

Waste

CPG has liabilities associated with the cleanup of some of its former operations. Four sites are associated with its former propane operations and ten sites associated with former petroleum operations. The total liability related to these sites was $6.5 million and $12.5 million at December 31, 2015 and 2014, respectively. The liability represents CPG's best estimate of the cost to remediate the facilities.

CPG has liabilities associated with the PCB remediation of its existing facilities. The total liability related to these sites was $1.8 million at December 31, 2015 and 2014. The liability represents CPG's best estimate of the cost to remediate the facilities.

D. Operating Lease Commitments. CPG leases assets in several areas of its operations. Payments made in connection with operating leases were $21.2 million in 2015, $14.9 million in 2014 and $13.3 million in 2013, and are primarily charged to operation and maintenance expense as incurred.

Future minimum rental payments required under operating and capital leases that have initial or remaining non-cancelable lease terms in excess of one year are:

(in millions)	Operating Leases(1)
2016	$ 5.4
2017	6.7
2018	6.2
2019	5.5
2020	5.4
After	24.7
Total future minimum payments	$53.9

(1) Operating lease expense includes amounts for fleet leases and storage well leases that can be renewed beyond the initial lease term, but the anticipated payments associated with the renewals do not meet the definition of expected minimum lease payments and, therefore, are not included above.

E. Service Obligations. CPG has entered into various service agreements whereby CPG is contractually obligated to make certain minimum payments in future periods. CPG has pipeline service agreements that provide for pipeline capacity, transportation and storage services. These agreements, which have expiration dates ranging from 2016 to 2025, require CPG to pay fixed monthly charges.

On June 15, 2015, CPG entered into a five-year IT services agreement including cloud, mobile, analytics and security technologies with IBM. The agreement became effective with the closing of the Separation on July 1, 2015, with tiered commencement dates by service line. Under the agreement, at December 31, 2015, CPG expects to pay approximately $165.3 million to IBM in service fees as shown in the table below. Upon any termination of the agreement by CPG for any reason (other than material breach by IBM), CPG may

19. OTHER COMMITMENTS AND CONTINGENCIES (Continued)

be required to pay IBM a termination charge that could include a breakage fee, repayment of IBM's capital investments not yet recovered and IBM's wind-down expense. This termination fee could be material depending on the events giving rise to the termination and the timing of the termination.

The estimated aggregate amounts of minimum fixed payments at December 31, 2015, were:

(in millions)	Pipeline Service Agreements	IBM Service Agreement
2016	$ 51.5	$ 38.6
2017	49.5	33.0
2018	42.0	31.7
2019	25.4	31.0
2020	24.2	31.0
After	66.8	—
Total future minimum payments	$259.4	$165.3

20. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table displays the activity of Accumulated Other Comprehensive Loss, net of tax:

(in millions)	Gains and Losses on Cash Flow Hedges[(1)]	Pension and OPEB Items[(1)]	Accumulated Other Comprehensive Loss[(1)]
Balance as of January 1, 2013 — *Predecessor*	**$(18.7)**	**$(16.4)**	**$(35.1)**
Other comprehensive income before reclassifications	—	6.5	6.5
Amounts reclassified from accumulated other comprehensive income	1.1	1.7	2.8
Net current-period other comprehensive income	1.1	8.2	9.3
Balance as of December 31, 2013 — *Predecessor*	**$(17.6)**	**$ (8.2)**	**$(25.8)**
Other comprehensive income before reclassifications	—	(9.3)	(9.3)
Amounts reclassified from accumulated other comprehensive income	1.0	(0.4)	0.6
Net current-period other comprehensive income	1.0	(9.7)	(8.7)
Balance as of December 31, 2014	**$(16.6)**	**$(17.9)**	**$(34.5)**
Other comprehensive income before reclassifications	(0.9)	5.0	4.1
Amounts reclassified from accumulated other comprehensive income	1.1	0.2	1.3
Net current-period other comprehensive income	0.2	5.2	5.4
Allocation of accumulated other comprehensive loss to noncontrolling interest	**2.1**	**—**	**2.1**
Balance as of December 31, 2015	**$(14.3)**	**$(12.7)**	**$(27.0)**

(1) All amounts are net of tax. Amounts in parentheses indicate debits.

20. ACCUMULATED OTHER COMPREHENSIVE LOSS (Continued)

Equity Method Investment

During 2008, Millennium Pipeline, in which CPG has an equity investment, entered into three interest rate swap agreements with a notional amount totaling $420.0 million with seven counterparties. During August 2010, Millennium Pipeline completed the refinancing of its long-term debt, securing permanent fixed-rate financing through the private placement issuance of two tranches of notes totaling $725.0 million, $375.0 million at 5.33% due June 30, 2027 and $350.0 million at 6.00% due June 30, 2032. Upon the issuance of these notes, Millennium Pipeline repaid all outstanding borrowings under its credit agreement, terminated the sponsor guarantee, and cash settled the interest rate hedges. These interest rate swap derivatives were primarily accounted for as cash flow hedges by Millennium Pipeline. As an equity method investment, CPG is required to recognize a proportional share of Millennium Pipeline's OCI. The remaining unrecognized loss of $14.3 million, net of tax, related to these terminated interest rate swaps is being amortized over a 15 year period ending June 2025 into earnings using the effective interest method through interest expense as interest payments are made by Millennium Pipeline. The unrecognized loss of $14.3 million and $16.6 million at December 31, 2015 and December 31, 2014, respectively, is included in unrealized losses on cash flow hedges above.

21. OTHER, NET

Year Ended December 31, (in millions)	**2015**	**2014**	**2013** Predecessor
AFUDC Equity	**$28.3**	$11.0	$ 6.8
Miscellaneous[1]	**1.0**	(2.2)	11.1
Total Other, net	**$29.3**	$ 8.8	$17.9

(1) Miscellaneous primarily consists of a gain from insurance proceeds in 2013.

22. INTEREST EXPENSE

Year Ended December 31, (in millions)	**2015**	**2014**	**2013** Predecessor
Interest on long-term debt	**$67.5**	$—	$—
Interest on short-term borrowings[1]	**1.4**	—	—
Debt discount/cost amortization	**3.1**	—	—
Allowance for funds used during construction	**(6.8)**	—	—
Other	**2.4**	—	—
Total Interest Expense[2]	**$67.6**	$—	$—

(1) Refer to Note 5, "Short-Term Borrowings" for additional information.

(2) Refer to Note 4, "Transactions with Affiliates" for a discussion of interest expense-affiliated for the year ended December 31, 2014 and 2013.

23. SEGMENTS OF BUSINESS

Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and

23. SEGMENTS OF BUSINESS (Continued)

assess performance. The CPG Chief Executive Officer is the chief operating decision maker for the periods presented.

At December 31, 2015, CPG's operations comprise one operating segment. CPG's segment offers gas transportation and storage services for LDCs, marketers and industrial and commercial customers located in northeastern, mid-Atlantic, Midwestern and southern states and the District of Columbia along with unregulated businesses that include midstream services and development of mineral rights positions. The chief operating decision maker evaluates the performance of CPG operations and determines how to allocate resources on a consolidated basis.

24. SUPPLEMENTAL CASH FLOW INFORMATION

The following tables provide additional information regarding the CPG's Statements of Consolidated and Combined Cash Flows for the years ended December 31, 2015, 2014 and 2013:

Year Ended December 31, (in millions)	2015	2014	2013
			Predecessor
Supplemental Disclosures of Cash Flow Information			
Non-cash transactions:			
Capital expenditures included in current liabilities[1]	**$128.4**	$78.5	$53.1
Schedule of interest and income taxes paid:			
Cash paid for interest, net of interest capitalized amounts	**$ 96.9**	$53.6	$38.4
Cash paid for income taxes[2]	**32.3**	21.2	15.3

(1) Capital expenditures included in current liabilities is comprised of "Accrued capital expenditures" and certain other amounts included within "Accounts payable" on the Consolidated Balance Sheets.

(2) Cash paid for income taxes for the year ended December 31, 2015 includes $20.9 million paid to NiSource under the Tax Allocation Agreement.

25. CONCENTRATION OF CREDIT RISK

Columbia Gas of Ohio, an affiliated party prior to the Separation, accounted for greater than 10% of total operating revenues in the years ended December 31, 2015, 2014 and 2013. The following table provides this customer's operating revenues and percentage of total operating revenues for the years ended December 31, 2015, 2014 and 2013:

	2015		2014		2013	
Year Ended December 31, (in millions)	Total Operating Revenues	Percentage of Total Operating Revenues	Total Operating Revenues	Percentage of Total Operating Revenues	Total Operating Revenues	Percentage of Total Operating Revenues
					Predecessor	
Columbia Gas of Ohio[1]	**$167.3**	**12.5%**	$168.5	12.5%	$167.5	14.2%

(1) Represents the gross amount of revenue contracted for with Columbia Gas of Ohio and, therefore, subject to risk at the loss of this customer. Columbia Gas of Ohio has entered into certain capacity release agreements with third parties which ultimately can decrease the net revenue amount CPG receives from Columbia Gas of Ohio in any given period.

The loss of a significant portion of operating revenues from this customer would have a material adverse effect on the business of CPG.

26. QUARTERLY FINANCIAL DATA (UNAUDITED)

(in millions, except per unit data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2015				
Total Operating Revenues	$340.0	$316.1	$320.9	$357.9
Operating Income	162.7	107.3	135.9	122.2
Income from Continuing Operations	97.1	60.1	74.9	75.4
Results from Discontinued Operations — net of taxes	—	(0.3)	(0.1)	—
Net Income attributable to CPG	90.0	50.8	63.0	63.4
Basic Earnings Per Share				
Continuing Operations	0.28	0.16	0.20	0.19
Discontinued Operations	—	—	—	—
Basic Earnings Per Share	$ 0.28	$ 0.16	$ 0.20	$ 0.19
Diluted Earnings Per Share				
Continuing Operations	0.28	0.16	0.20	0.19
Discontinued Operations	—	—	—	—
Diluted Earnings Per Share	$ 0.28	$ 0.16	$ 0.20	$ 0.19
2014				
Total Operating Revenues	$345.8	$343.5	$318.0	$340.7
Operating Income	159.1	103.9	94.5	134.1
Income from Continuing Operations	93.0	59.4	53.7	62.6
Results from Discontinued Operations — net of taxes	(0.2)	(0.3)	(0.1)	—
Net Income attributable to CPG	92.8	59.1	53.6	62.6
Basic Earnings Per Share				
Continuing Operations	0.29	0.19	0.17	0.20
Discontinued Operations	—	—	—	—
Basic Earnings Per Share	$ 0.29	$ 0.19	$ 0.17	$ 0.20
Diluted Earnings Per Share				
Continuing Operations	0.29	0.19	0.17	0.20
Discontinued Operations	—	—	—	—
Diluted Earnings Per Share	$ 0.29	$ 0.19	$ 0.17	$ 0.20

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

On May 22, 2015, CPG closed its private placement of $2,750.0 million in aggregated principal amount of its senior notes (the "Notes"). Please see Note 6, "Long-Term Debt" for further discussion of the Notes. The Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by three of CPG's subsidiaries, CEG, Columbia OpCo and OpCo GP. CEG is a 100% owned subsidiary of CPG. In lieu of providing separate financial statements for CEG, the accompanying condensed consolidating financial statements based on Rule 3-10 of the SEC's Regulation S-X have been included.

The following supplemental condensed consolidating financial information reflects CPG's separate accounts, the combined accounts of CEG and Other Subsidiaries of CEG and CPG, including guarantors Columbia OpCo and OpCo GP, the consolidating adjustments and eliminations and the Issuer's consolidated accounts for the dates and periods indicated. Separate financial statements have been provided for Columbia OpCo and OpCo GP based on Rule 3-10 of the SEC's Regulation S-X. For purposes of the following consolidating information, CPG's and CEG's investment in its subsidiaries is accounted for under the equity method of accounting.

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS

As of December 31, 2015 (in millions)	CPG	CEG	OpCo LP	OpCo GP	Non-guarantor Subsidiaries	Consolidating adjustments and eliminations	CPG Consolidated
ASSETS							
Current Assets							
Cash and cash equivalents	$ 800.0	$ 46.7	$ 1.9	$—	$ 82.3	$ —	$ 930.9
Accounts receivable, net	—	5.6	—	—	146.8	—	152.4
Accounts receivable-affiliated	14.6	85.6	3.4	—	156.4	(260.0)	—
Materials and supplies, at average cost	—	—	—	—	32.8	—	32.8
Exchange gas receivable	—	—	—	—	19.0	—	19.0
Deferred property taxes	—	—	—	—	52.0	—	52.0
Prepayments and other	0.3	10.1	—	—	43.8	(5.7)	48.5
Total Current Assets	814.9	148.0	5.3	—	533.1	(265.7)	1,235.6
Investments and Other Assets							
Unconsolidated affiliates	—	—	—	—	438.1	—	438.1
Consolidated affiliates	5,174.6	7,569.8	5,608.9	—	—	(18,353.3)	—
Other investments	12.0	0.3	—	—	1.5	—	13.8
Total Investments and Other Assets	5,186.6	7,570.1	5,608.9	—	439.6	(18,353.3)	451.9
Property, Plant and Equipment							
Property, plant and equipment	—	—	—	—	9,052.3	—	9,052.3
Accumulated depreciation and amortization	—	—	—	—	(2,988.6)	—	(2,988.6)
Net Property, Plant and Equipment	—	—	—	—	6,063.7	—	6,063.7
Other Noncurrent Assets							
Regulatory assets	—	35.1	—	—	142.6	—	177.7
Goodwill	—	—	1,975.5	—	—	—	1,975.5
Notes receivable-affiliated	1,848.2	—	—	—	—	(1,848.2)	—
Postretirement and postemployment benefits assets	—	0.5	—	—	115.6	(0.4)	115.7
Deferred income taxes	18.9	—	—	—	—	(18.9)	—
Deferred charges and other	25.5	—	—	—	10.6	—	36.1
Total Other Noncurrent Assets	1,892.6	35.6	1,975.5	—	268.8	(1,867.5)	2,305.0
Total Assets	$7,894.1	$7,753.7	$7,589.7	$—	$ 7,305.2	$(20,486.5)	$10,056.2

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS (Continued)

As of December 31, 2015 (in millions)	CPG	CEG	OpCo LP	OpCo GP	Non-guarantor Subsidiaries	Consolidating adjustments and eliminations	CPG Consolidated
LIABILITIES AND EQUITY							
Current Liabilities							
Short-term borrowings	$ —	$ —	$ —	$—	$ 15.0	$ —	$ 15.0
Short-term borrowings-affiliated	99.0	—	—	—	134.3	(233.3)	—
Accounts payable	0.1	—	—	—	56.7	—	56.8
Accounts payable-affiliated	10.8	4.8	—	—	11.1	(26.7)	—
Customer deposits	—	—	—	—	17.9	—	17.9
Taxes accrued	—	—	—	—	111.7	(5.7)	106.0
Interest accrued	9.4	—	—	—	0.1	—	9.5
Exchange gas payable	—	—	—	—	18.6	—	18.6
Deferred revenue	—	—	—	—	15.0	—	15.0
Accrued capital expenditures	—	—	—	—	100.1	—	100.1
Accrued compensation and related costs	—	—	—	—	51.9	—	51.9
Other accruals	—	0.3	—	—	69.7	—	70.0
Total Current Liabilities	119.3	5.1	—	—	602.1	(265.7)	460.8
Non Current Liabilities							
Long-term debt	2,746.2	—	—	—	—	—	2,746.2
Long-term debt-affiliated	—	1,217.3	—	—	630.9	(1,848.2)	—
Deferred income taxes	—	1,350.4	—	—	16.6	(18.9)	1,348.1
Accrued liability for postretirement and postemployment benefits	0.3	8.3	—	—	41.2	(0.4)	49.4
Regulatory liabilities	—	10.5	—	—	311.1	—	321.6
Asset retirement obligations	—	—	—	—	25.7	—	25.7
Other noncurrent liabilities	15.3	0.2	—	—	75.9	—	91.4
Total Noncurrent Liabilities	2,761.8	2,586.7	—	—	1,101.4	(1,867.5)	4,582.4
Total Liabilities	2,881.1	2,591.8	—	—	1,703.5	(2,133.2)	5,043.2
Equity							
Common stock	4.0	—	—	—	—	—	4.0
Additional paid-in capital	4,032.7	—	—	—	—	—	4,032.7
Retained earnings	46.9	—	—	—	—	—	46.9
Net parent investment	—	4,232.3	7,615.4	—	5,631.3	(17,479.0)	—
Accumulated other comprehensive loss	(27.0)	(26.8)	(25.7)	—	(29.6)	82.1	(27.0)
Total CPG Equity	4,056.6	4,205.5	7,589.7	—	5,601.7	(17,396.9)	4,056.6
Noncontrolling Interest	956.4	956.4	—	—	—	(956.4)	956.4
Total Equity	5,013.0	5,161.9	7,589.7	—	5,601.7	(18,353.3)	5,013.0
Total Liabilities and Equity	$7,894.1	$7,753.7	$7,589.7	$—	$7,305.2	$(20,486.5)	$10,056.2

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS (Continued)

As of December 31, 2014 (in millions)	CPG	CEG	OpCo LP	OpCo GP	Non-guarantor subsidiaries	Consolidating adjustments and eliminations	CPG Consolidated
ASSETS							
Current Assets							
Cash and cash equivalents	$ —	$ —	$—	$—	$ 0.5	$ —	$ 0.5
Accounts receivable, net	—	—	—	—	149.4	—	149.4
Accounts receivable-affiliated	—	6.2	—	—	174.7	(0.9)	180.0
Materials and supplies, at average cost	—	—	—	—	24.9	—	24.9
Exchange gas receivable	—	—	—	—	34.8	—	34.8
Deferred property taxes	—	—	—	—	48.9	—	48.9
Deferred income taxes	—	5.9	—	—	54.1	—	60.0
Prepayments and other	—	3.7	—	—	20.8	(3.7)	20.8
Total Current Assets	—	15.8	—	—	508.1	(4.6)	519.3
Investments and Other Assets							
Unconsolidated affiliates	—	—	—	—	444.3	—	444.3
Consolidated affiliates	4,176.3	4,156.3	—	—	5.7	(8,338.3)	—
Other investments	—	—	—	—	2.7	—	2.7
Total Investments and Other Assets	4,176.3	4,156.3	—	—	452.7	(8,338.3)	447.0
Property, Plant and Equipment							
Property, plant and equipment	—	—	—	—	7,935.4	—	7,935.4
Accumulated depreciation and amortization	—	—	—	—	(2,976.8)	—	(2,976.8)
Net Property, Plant and Equipment	—	—	—	—	4,958.6	—	4,958.6
Other Noncurrent Assets							
Regulatory assets	—	—	—	—	151.9	—	151.9
Goodwill	—	—	—	—	1,975.5	—	1,975.5
Postretirement and postemployment benefits assets	—	—	—	—	90.0	—	90.0
Deferred income taxes	—	6.6	—	—	—	(6.6)	—
Deferred charges and other	—	6.4	—	—	8.8	—	15.2
Total Other Noncurrent Assets	—	13.0	—	—	2,226.2	(6.6)	2,232.6
Total Assets	$4,176.3	$4,185.1	$—	$—	$ 8,145.6	$(8,349.5)	$ 8,157.5

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS (Continued)

As of December 31, 2014 (in millions)	CPG	CEG	OpCo LP	OpCo GP	Non-guarantor subsidiaries	Consolidating adjustments and eliminations	CPG Consolidated
LIABILITIES AND EQUITY							
Current Liabilities							
Current portion of long term debt-affiliated	$ —	$ —	$—	$—	$ 115.9	$ —	$ 115.9
Short-term borrowings-affiliated	—	5.2	—	—	247.3	—	252.5
Accounts payable	—	—	—	—	56.0	—	56.0
Accounts payable-affiliated	—	4.4	—	—	50.1	(0.9)	53.6
Customer deposits	—	—	—	—	13.4	—	13.4
Taxes accrued	—	—	—	—	106.9	(3.7)	103.2
Exchange gas payable	—	—	—	—	34.7	—	34.7
Deferred revenue	—	—	—	—	22.5	—	22.5
Accrued capital expenditures	—	—	—	—	61.1	—	61.1
Accrued compensation and related costs	—	—	—	—	31.2	—	31.2
Other accruals	—	0.4	—	—	39.7	—	40.1
Total Current Liabilities	—	10.0	—	—	778.8	(4.6)	784.2
Non Current Liabilities							
Long-term debt-affiliated	—	—	—	—	1,472.8	—	1,472.8
Deferred income taxes	—	—	—	—	1,262.3	(6.6)	1,255.7
Accrued liability for postretirement and postemployment benefits	—	9.3	—	—	43.7	—	53.0
Regulatory liabilities	—	—	—	—	295.7	—	295.7
Asset retirement obligations	—	—	—	—	23.2	—	23.2
Other noncurrent liabilities	—	—	—	—	96.6	—	96.6
Total Noncurrent Liabilities	—	9.3	—	—	3,194.3	(6.6)	3,197.0
Total Liabilities	—	19.3	—	—	3,973.1	(11.2)	3,981.2
Equity							
Net parent investment	4,210.8	4,195.5	—	—	4,189.2	(8,384.7)	4,210.8
Accumulated other comprehensive loss	(34.5)	(29.7)	—	—	(16.7)	46.4	(34.5)
Total Equity	4,176.3	4,165.8	—	—	4,172.5	(8,338.3)	4,176.3
Total Liabilities and Equity	$4,176.3	$4,185.1	$—	$—	$8,145.6	$(8,349.5)	$8,157.5

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

Year Ended December 31, 2015 (in millions)	CPG	CEG	OpCo LP	OpCo GP	Non-guarantor Subsidiaries	Consolidating adjustments and eliminations	CPG Consolidated
Operating Revenues							
Transportation revenues	$ —	$ —	$ —	$—	$1,054.4	$ —	$1,054.4
Transportation revenues-affiliated	—	—	—	—	47.5	—	47.5
Storage revenues	—	—	—	—	171.4	—	171.4
Storage revenues-affiliated	—	—	—	—	26.2	—	26.2
Other revenues	—	—	—	—	35.4	—	35.4
Total Operating Revenues	—	—	—	—	1,334.9	—	1,334.9
Operating Expenses							
Operation and maintenance	20.5	(1.2)	—	—	632.8	—	652.1
Operation and maintenance-affiliated	2.2	0.4	—	—	52.5	(2.2)	52.9
Depreciation and amortization	—	—	—	—	139.9	—	139.9
Gain on sale of assets and impairment, net	—	1.8	—	—	(54.7)	—	(52.9)
Property and other taxes	—	—	—	—	75.3	—	75.3
Total Operating Expenses	22.7	1.0	—	—	845.8	(2.2)	867.3
Equity Earnings in Unconsolidated Affiliates	—	—	—	—	60.5	—	60.5
Equity Earnings in Consolidated Affiliates	341.2	529.4	529.6	—	—	(1,400.2)	—
Operating Income	318.5	528.4	529.6	—	549.6	(1,398.0)	528.1
Other Income (Deductions)							
Interest expense	(73.0)	—	—	—	(1.5)	6.9	(67.6)
Interest expense-affiliated	(2.5)	(40.8)	—	—	(26.8)	40.8	(29.3)
Other, net	45.4	0.5	3.5	—	27.6	(47.7)	29.3
Total Other Deductions, net	(30.1)	(40.3)	3.5	—	(0.7)	—	(67.6)
Income from Continuing Operations before Income Taxes	288.4	488.1	533.1	—	548.9	(1,398.0)	460.5
Income Taxes	(19.1)	146.6	—	—	25.5	—	153.0
Income from Continuing Operations	307.5	341.5	533.1	—	523.4	(1,398.0)	307.5
Loss from Discontinued Operations-net of taxes	(0.4)	(0.4)	—	—	—	0.4	(0.4)
Net Income	307.1	341.1	533.1	—	523.4	(1,397.6)	307.1
Less: Net income attributable to noncontrolling interest	39.9	39.9	—	—	—	(39.9)	39.9
Net Income Attributable to CPG	$267.2	$301.2	$533.1	$—	$ 523.4	$(1,357.7)	$ 267.2

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (Continued)

Year Ended December 31, 2014 (in millions)	CPG	CEG	OpCo LP	OpCo GP	Non-guarantor Subsidiaries	Consolidating adjustments and eliminations	CPG Consolidated
Operating Revenues							
Transportation revenues	$ —	$ —	$—	$—	$ 990.8	$ —	$ 990.8
Transportation revenues-affiliated	—	—	—	—	95.7	—	95.7
Storage revenues	—	—	—	—	144.0	—	144.0
Storage revenues-affiliated	—	—	—	—	53.2	—	53.2
Other revenues	—	—	—	—	64.3	—	64.3
Total Operating Revenues	—	—	—	—	1,348.0	—	1,348.0
Operating Expenses							
Operation and maintenance	—	(2.6)	—	—	631.0	—	628.4
Operation and maintenance-affiliated	—	0.5	—	—	122.7	—	123.2
Depreciation and amortization	—	—	—	—	118.8	—	118.8
Gain on sale of assets	—	—	—	—	(34.5)	—	(34.5)
Property and other taxes	—	—	—	—	67.1	—	67.1
Total Operating Expenses	—	(2.1)	—	—	905.1	—	903.0
Equity Earnings in Unconsolidated Affiliates	—	—	—	—	46.6	—	46.6
Equity Earnings in Consolidated Affiliates	268.7	269.6	—	—	—	(538.3)	—
Operating Income	268.7	271.7	—	—	489.5	(538.3)	491.6
Other Income (Deductions)							
Interest expense-affiliated	—	—	—	—	(62.0)	—	(62.0)
Other, net	—	(0.1)	—	—	8.9	—	8.8
Total Other Deductions, net	—	(0.1)	—	—	(53.1)	—	(53.2)
Income from Continuing Operations before Income Taxes	268.7	271.6	—	—	436.4	(538.3)	438.4
Income Taxes	—	2.9	—	—	166.8	—	169.7
Income from Continuing Operations	268.7	268.7	—	—	269.6	(538.3)	268.7
Loss from Discontinued Operations-net of taxes	(0.6)	(0.6)	—	—	—	0.6	(0.6)
Net Income	$268.1	$268.1	$—	$—	$ 269.6	$(537.7)	$ 268.1

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (Continued)

Year Ended December 31, 2013 (in millions)	CPG	CEG	OpCo LP	OpCo GP	Non-guarantor Subsidiaries	Consolidating adjustments and eliminations	CPG Consolidated
					Predecessor		
Operating Revenues							
Transportation revenues	$ —	$ —	$—	$—	$ 850.9	$ —	$ 850.9
Transportation revenues-affiliated	—	—	—	—	94.1	—	94.1
Storage revenues	—	—	—	—	142.8	—	142.8
Storage revenues-affiliated	—	—	—	—	53.6	—	53.6
Other revenues	—	—	—	—	39.1	—	39.1
Total Operating Revenues	—	—	—	—	1,180.5	—	1,180.5
Operating Expenses							
Operation and maintenance	—	1.5	—	—	507.5	—	509.0
Operation and maintenance-affiliated	—	0.6	—	—	118.0	—	118.6
Depreciation and amortization	—	—	—	—	107.0	—	107.0
Gain on sale of assets	—	—	—	—	(18.6)	—	(18.6)
Property and other taxes	—	—	—	—	62.2	—	62.2
Total Operating Expenses	—	2.1	—	—	776.1	—	778.2
Equity Earnings in Unconsolidated Affiliates	—	—	—	—	35.9	—	35.9
Equity Earnings in Consolidated Affiliates	271.7	266.8	—	—	—	(538.5)	—
Operating Income	271.7	264.7	—	—	440.3	(538.5)	438.2
Other Income (Deductions)							
Interest expense-affiliated	—	—	—	—	(37.9)	—	(37.9)
Other, net	—	0.1	—	—	17.8	—	17.9
Total Other Deductions, net	—	0.1	—	—	(20.1)	—	(20.0)
Income from Continuing Operations before Income Taxes	271.7	264.8	—	—	420.2	(538.5)	418.2
Income Taxes	—	(6.2)	—	—	152.7	—	146.5
Income from Continuing Operations	271.7	271.0	—	—	267.5	(538.5)	271.7
Income from Discontinued Operations-net of taxes	9.0	9.0	—	—	—	(9.0)	9.0
Net Income	$280.7	$280.0	$—	$—	$ 267.5	$(547.5)	$ 280.7

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

Year Ended December 31, 2015 (in millions, net of taxes)	CPG	CEG	OpCo LP	OpCo GP	Non-guarantor Subsidiaries	Consolidating adjustments and eliminations	CPG Consolidated
Net Income	$307.1	$341.1	$533.1	$—	$523.4	$(1,397.6)	$307.1
Other comprehensive income							
Net unrealized (loss) gain on cash flow hedges	0.2	(1.6)	—	—	1.8	(0.2)	0.2
Unrecognized pension and OPEB benefit (costs)	5.2	5.4	—	—	(0.2)	(5.2)	5.2
Total other comprehensive income	5.4	3.8	—	—	1.6	(5.4)	5.4
Total Comprehensive Income	312.5	344.9	533.1	—	525.0	(1,403.0)	312.5
Less: Comprehensive Income-noncontrolling interest	40.0	40.0	—	—	—	(40.0)	40.0
Comprehensive Income-controlling interests	$272.5	$304.9	$533.1	$—	$525.0	$(1,363.0)	$272.5

Year Ended December 31, 2014 (in millions, net of taxes)	CPG	CEG	OpCo LP	OpCo GP	Non-guarantor Subsidiaries	Consolidating adjustments and eliminations	CPG Consolidated
Net Income	$268.1	$268.1	$—	$—	$269.6	$(537.7)	$268.1
Other comprehensive income							
Net unrealized gain on cash flow hedges	1.0	—	—	—	1.0	(1.0)	1.0
Unrecognized pension and OPEB costs	(9.7)	(9.7)	—	—	—	9.7	(9.7)
Total other comprehensive (loss) income	(8.7)	(9.7)	—	—	1.0	8.7	(8.7)
Total Comprehensive Income	$259.4	$258.4	$—	$—	$270.6	$(529.0)	$259.4

Year Ended December 31, 2013 (in millions, net of taxes)	CPG	CEG	OpCo LP	OpCo GP	Non-guarantor Subsidiaries	Consolidating adjustments and eliminations	CPG Consolidated
					Predecessor		
Net Income	$280.7	$280.0	$—	$—	$267.5	$(547.5)	$280.7
Other comprehensive income							
Net unrealized gain on cash flow hedges	1.1	—	—	—	1.1	(1.1)	1.1
Unrecognized pension and OPEB benefit	8.2	8.2	—	—	—	(8.2)	8.2
Total other comprehensive income	9.3	8.2	—	—	1.1	(9.3)	9.3
Total Comprehensive Income	$290.0	$288.2	$—	$—	$268.6	$(556.8)	$290.0

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Year Ended December 31, 2015 (in millions)	CPG	CEG	OpCo LP	OpCo GP	Non-guarantor Subsidiaries	Consolidating adjustments and eliminations	CPG Consolidated
Net Cash Flows (used for) from Operating Activities	$ (29.7)	$ (49.6)	$ 3.5	$—	$ 589.5	$ (20.2)	$ 493.5
Investing Activities							
Capital expenditures	—	(32.7)	—	—	(1,181.0)	32.7	(1,181.0)
Insurance recoveries	—	—	—	—	2.1	—	2.1
Change in short-term lendings-affiliated	—	(83.9)	(3.3)	—	(0.6)	233.3	145.5
Proceeds from disposition of assets	—	26.2	—	—	84.1	(32.7)	77.6
Contributions to equity investees	—	(1,217.3)	(446.2)	—	(1.4)	1,663.5	(1.4)
Distributions from equity investees	—	—	—	—	16.0	—	16.0
Other investing activities	(5.2)	—	—	—	(22.2)	—	(27.4)
Net Cash Flows used for Investing Activities	(5.2)	(1,307.7)	(449.5)	—	(1,103.0)	1,896.8	(968.6)
Financing Activities							
Change in short-term borrowings	—	—	—	—	15.0	—	15.0
Change in short-term borrowings-affiliated	99.0	(5.1)	—	—	(113.1)	(233.3)	(252.5)
Issuance of long-term debt	2,745.9	—	—	—	—	—	2,745.9
Debt related costs	(27.9)	6.3	—	—	(2.0)	—	(23.6)
Issuance of long-term debt-affiliated	—	1,217.3	—	—	—	—	1,217.3
Payments of long-term debt-affiliated, including current portion	(1,848.2)	—	—	—	(959.6)	—	(2,807.8)
Proceeds from the issuance of common units, net of offering costs	—	—	1,170.0	—	(1.6)	—	1,168.4
Issuance of common stock, net of offering costs	1,394.7	—	—	—	—	—	1,394.7
Contribution of capital from parent	—	—	—	—	1,663.5	(1,663.5)	—
Distribution of IPO proceeds to parent	—	—	(500.0)	—	—	—	(500.0)
Distribution to parent	(1,450.0)	—	—	—	—	—	(1,450.0)
Quarterly distributions to unitholders	—	—	—	—	(43.4)	43.4	—
Distribution to noncontrolling interest in Columbia OpCo	—	—	(187.3)	—	—	187.3	—
Distribution received from Columbia OpCo	—	187.3	—	—	—	(187.3)	—
Distribution to noncontrolling interest	—	—	—	—	—	(23.2)	(23.2)
Dividends paid — common stock	(79.5)	—	—	—	—	—	(79.5)
Transfer from parent	0.9	(1.8)	(34.8)	—	36.5	—	0.8
Net Cash Flows from Financing Activities	834.9	1,404.0	447.9	—	595.3	(1,876.6)	1,405.5
Change in cash and cash equivalents	800.0	46.7	1.9	—	81.8	—	930.4
Cash and cash equivalents at beginning of period	—	—	—	—	0.5	—	0.5
Cash and Cash Equivalents at End of Period	$ 800.0	$ 46.7	$ 1.9	$—	$ 82.3	$ —	$ 930.9

27. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (Continued)

Year Ended December 31, 2014 (in millions)	CPG	CEG	OpCo LP	OpCo GP	Non-guarantor Subsidiaries	Consolidating adjustments and eliminations	CPG Consolidated
Net Cash Flows (used for) from Operating Activities	$—	$(3.7)	$—	$—	$ 570.7	$(2.2)	$ 564.8
Investing Activities							
Capital expenditures	—	—	—	—	(747.2)	—	(747.2)
Insurance recoveries	—	—	—	—	11.3	—	11.3
Change in short-term lendings-affiliated	—	4.8	—	—	(62.0)	—	(57.2)
Proceeds from disposition of assets	—	—	—	—	9.3	—	9.3
Contributions to equity investees	—	—	—	—	(69.2)	—	(69.2)
Other investing activities	—	—	—	—	(7.1)	—	(7.1)
Net Cash Flows from (used for) Investing Activities	—	4.8	—	—	(864.9)	—	(860.1)
Financing Activities							
Change in short-term borrowings-affiliated	—	5.2	—	—	(472.3)	—	(467.1)
Debt related costs	—	(6.3)	—	—	(0.1)	—	(6.4)
Issuance of long-term debt-affiliated	—	—	—	—	768.9	—	768.9
Distribution to parent	—	—	—	—	(2.2)	2.2	—
Net Cash Flows (used for) from Financing Activities	—	(1.1)	—	—	294.3	2.2	295.4
Change in cash and cash equivalents	—	—	—	—	0.1	—	0.1
Cash and cash equivalents at beginning of period	—	—	—	—	0.4	—	0.4
Cash and Cash Equivalents at End of Period	$—	$—	$—	$—	$ 0.5	$—	$ 0.5

Year Ended December 31, 2013 (in millions)	CPG	CEG	OpCo LP	OpCo GP	Non-guarantor Subsidiaries	Consolidating adjustments and eliminations	CPG Consolidated
					Predecessor		
Net Cash Flows from Operating Activities	$—	$ 162.8	$—	$—	$ 410.6	$(116.2)	$ 457.2
Investing Activities							
Capital expenditures	—	—	—	—	(674.8)	—	(674.8)
Insurance recoveries	—	—	—	—	6.4	—	6.4
Change in short-term lendings-affiliated	—	7.1	—	—	(10.3)	—	(3.2)
Proceeds from disposition of assets	—	—	—	—	15.4	—	15.4
Contributions to equity investees	—	—	—	—	(125.5)	—	(125.5)
Other investing activities	—	—	—	—	(9.2)	—	(9.2)
Net Cash Flows from (used for) Investing Activities	—	7.1	—	—	(798.0)	—	(790.9)
Financing Activities							
Change in short-term borrowings-affiliated	—	—	—	—	391.0	—	391.0
Issuance of long-term debt-affiliated	—	—	—	—	65.1	—	65.1
Distribution to parent	—	(170.0)	—	—	(69.2)	116.2	(123.0)
Net Cash Flows (used for) from Financing Activities	—	(170.0)	—	—	386.9	116.2	333.1
Change in cash and cash equivalents	—	(0.1)	—	—	(0.5)	—	(0.6)
Cash and cash equivalents at beginning of period	—	0.1	—	—	0.9	—	1.0
Cash and Cash Equivalents at End of Period	$—	$ —	$—	$—	$ 0.4	$ —	$ 0.4

TRANSCANADA CORPORATION

UNAUDITED *PRO FORMA* CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2015

UNAUDITED *PRO FORMA* CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited *pro forma* condensed consolidated financial statements give effect to the proposed transaction between TransCanada PipeLines Limited ("TCPL"), TransCanada PipeLine USA Ltd. ("TransCanada Holdco") and Taurus Merger Sub Inc. ("Merger Sub"), all direct or indirect wholly-owned subsidiaries of TransCanada Corporation ("TransCanada" or the "Corporation"), and Columbia Pipeline Group, Inc. ("Columbia") using the acquisition method of accounting. On March 17, 2016, TCPL, TransCanada Holdco and Merger Sub, all direct or indirect wholly-owned subsidiaries of the Corporation, and the Corporation (for the limited purposes of pursuing regulatory approvals and obtaining the financing for the Acquisition and providing representations and warranties), entered into an agreement and plan of merger (the "Merger Agreement") with Columbia, pursuant to which TCPL, indirectly through TransCanada Holdco and Merger Sub, agreed to acquire Columbia through a merger of Merger Sub with and into Columbia (the "Acquisition") for a purchase price of approximately $14.15 billion (US$10.25 billion) in cash, as described in the prospectus supplement of TransCanada dated April 13, 2016 (the "Prospectus Supplement"). Completion of the Acquisition remains subject to various approvals.

The unaudited *pro forma* condensed consolidated financial statements have been derived from, and should be read in conjunction with, the historical audited consolidated financial statements of TransCanada and Columbia and notes thereto, and the accompanying notes to the unaudited *pro forma* condensed consolidated financial statements. The unaudited *pro forma* condensed consolidated balance sheet data as at December 31, 2015 of TransCanada has been prepared to give effect to the Acquisition as if it had occurred on December 31, 2015. The unaudited *pro forma* condensed consolidated statement of income of TransCanada, for the year ended December 31, 2015, has been prepared to give effect to the Acquisition as if it occurred on January 1, 2015. The unaudited *pro forma* condensed consolidated financial statements include *pro forma* adjustments for which there are firm commitments and for which the complete financial effects are objectively determinable as well as adjustments to conform Columbia's financial statement amounts to TransCanada's accounting policies.

The unaudited *pro forma* condensed consolidated statement of income includes adjustments that are expected to have a continuing impact on the condensed consolidated results but excludes adjustments arising from non-recurring effects of the transaction that are not expected to continue in future periods. The unaudited *pro forma* condensed consolidated balance sheet includes adjustments that are directly attributable to the transaction and factually supportable, regardless of whether they have continuing effect or are non-recurring. The unaudited *pro forma* condensed consolidated financial statements do not give effect to any cost savings, operating synergies, and revenue enhancements expected to result from the transactions or the costs to achieve these cost savings, operating synergies, and revenue enhancements. The unaudited pro forma condensed consolidated financial statements exclude the impact of the financing from the Prospectus Supplement as the use of proceeds are not contemplated to be used to finance the Acquisition and also excludes the impact of permanent financing through the planned monetization of the Corporation's U.S. Northeast merchant power assets and of a minority interest in its Mexican natural gas pipeline business.

The *pro forma* adjustments are based on available preliminary information and certain assumptions that management of TransCanada believes are reasonable under the circumstances. The unaudited *pro forma* condensed consolidated financial statements are presented for informational purposes only. Future results may vary significantly from the results reflected because of various factors, including those discussed in TransCanada's 2015 Management's Discussion and Analysis and Consolidated Financial Statements as at December 31, 2015 and December 31, 2014, and for each of the years in the three-year period ended December 31, 2015. All *pro forma* adjustments and their underlying assumptions are described more fully in the notes to the unaudited *pro forma* condensed consolidated financial statements.

TRANSCANADA CORPORATION

UNAUDITED *PRO FORMA* CONDENSED CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2015

(Unaudited) year ended December 31, 2015 (millions of Canadian $, unless otherwise noted)	**TransCanada**	**Columbia**	**Columbia**	***Pro Forma* Adjustments**	**Notes**	***Pro Forma* Statement of Income**
		US$	Note 3i			
Revenues						
Natural Gas Pipelines	5,383	1,335	1,709			7,092
Liquids Pipelines	1,879	—	—			1,879
Energy	4,038	—	—			4,038
	11,300	1,335	1,709	—	Note 3j	13,009
Income from Equity Investments	440	61	78			518
Operating and Other Expenses						
Plant operating costs and other	3,250	705	902			4,152
Commodity purchases resold	2,237	—	—			2,237
Property taxes	517	75	96			613
Depreciation and amortization	1,765	140	179	14	Note 3b	1,958
Asset impairment charges	3,745	—	—			3,745
	11,514	920	1,177	14		12,705
(Loss)/Gain on Assets Held for Sale/Sold	(125)	53	68			(57)
Financial Charges						
Interest expense	1,370	97	124	(2)	Note 3b	
				196	Note 3d	1,688
Interest income and other	(163)	(29)	(37)			(200)
	1,207	68	87	194		1,488
(Loss)/Income before Income Taxes	(1,106)	461	591	(208)		(723)
Income Tax Expense/(Recovery)						
Current	136	21	27			163
Deferred	(102)	132	169	(76)	Note 3d	
				(5)	Note 3b	
				1	Note 3b	(13)
	34	153	196	(80)		150
Net (Loss)/Income from Continued Operations	(1,140)	308	395	(128)		(873)
Net (Loss)/Income from Discontinued Operations	—	(1)	(1)			(1)
Net (Loss)/Income	(1,140)	307	394	(128)		(874)
Net Income attributable to non-controlling interests	6	40	51			57
Net (Loss)/Income Attributable to Controlling Interests	(1,146)	267	343	(128)		(931)
Preferred share dividends	94	—	—			94
Net (Loss)/Income Attributable to Common Shares	**(1,240)**	**267**	**343**	**(128)**		**(1,025)**
Net (Loss)/Income per Common Share						
Basic and diluted	(1.75)				Note 3h	(1.27)
Weighted Average Number of Common Shares (millions)						
Basic	709			97	Note 3h	806
Diluted	709			97	Note 3h	806

TRANSCANADA CORPORATION

UNAUDITED *PRO FORMA* CONDENSED CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2015

(Unaudited) at December 31, 2015 (millions of Canadian $, unless otherwise noted)	**TransCanada**	**Columbia**	**Columbia**	***Pro Forma* Adjustments**	**Notes**	***Pro Forma* Balance Sheet**
		U.S.$	Note 3i			
ASSETS						
Current Assets						
Cash and cash equivalents	850	931	1,285	(14,146)	Note 3b	
				4,419	Note 3c	
				(144)	Note 3c	
				9,795	Note 3d	
				(87)	Note 3d	
				(69)	Note 3e	1,903
Accounts receivable	1,388	152	210	—		1,598
Inventories	323	33	46	—		369
Other	1,353	120	166	—		1,519
	3,914	1,236	1,707	(232)		5,389
Plant, Property and Equipment	44,817	6,064	8,368	342	Note 3b	
				494	Note 3b	54,021
Equity Investments	6,214	438	604	—		6,818
Regulatory Assets	1,184	178	246	—		1,430
Goodwill	4,812	1,976	2,727	(2,727)	Note 3b	
				10,557	Note 3b	15,369
Intangible and Other Assets	3,191	164	226	37	Note 3c	
				23	Note 3d	3,477
Restricted Investments	351	—	—	—		351
	64,483	**10,056**	**13,878**	**8,494**		**86,855**
LIABILITIES						
Current Liabilities						
Notes payable	1,218	—	—	—		1,218
Accounts payable and other	3,021	451	622	—		3,643
Accrued interest	520	10	14	—		534
Current portion of long-term debt	2,547	—	—	—		2,547
	7,306	461	636	—		7,942
Regulatory Liabilities	1,159	322	444	—		1,603
Other Long-Term Liabilities	1,260	166	229	—		1,489
Deferred Income Tax Liabilities	5,144	1,348	1,860	133	Note 3b	
				193	Note 3b	
				(5)	Note 3b	7,325
Long-Term Debt	29,037	2,746	3,789	14	Note 3b	
				9,795	Note 3d	42,635
Junior Subordinated Notes	2,422	—	—	—		2,422
	46,328	5,043	6,958	10,130		63,416
EQUITY						
Common Shares, no par value	12,102	4	6	(6)	Note 3g	
				4,312	Note 3c	16,414
Preferred Shares	2,499	—	—	—		2,499
Additional Paid-in Capital	7	4,033	5,566	(5,566)	Note 3g	7
Retained Earnings	2,769	47	65	(65)	Note 3g	
				(64)	Note 3d	
				(69)	Note 3e	2,636
Accumulated Other Comprehensive Loss	(939)	(27)	(37)	37	Note 3g	(939)
Controlling Interests	16,438	4,057	5,600	(1,421)		20,617
Non-controlling Interests	1,717	956	1,320	(215)	Note 3b	2,822
Total Equity	18,155	5,013	6,920	(1,636)		23,439
	64,483	**10,056**	**13,878**	**8,494**		**86,855**

NOTES TO UNAUDITED *PRO FORMA* CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2015 (MILLIONS OF CANADIAN DOLLARS, UNLESS OTHERWISE NOTED)

1. BASIS OF PRESENTATION

The accompanying unaudited *pro forma* condensed consolidated financial statements give effect to the Acquisition. The unaudited *pro forma* condensed consolidated financial statements have been prepared by management of TransCanada and are derived from the audited consolidated financial statements of TransCanada as at and for the year ended December 31, 2015 and the audited consolidated financial statements of Columbia as at and for the year ended December 31, 2015.

The unaudited *pro forma* condensed consolidated financial statements utilize accounting policies that are consistent with those disclosed in the Corporation's 2015 audited financial statements and were prepared in accordance with United States generally accepted accounting principles (U.S. GAAP). Amounts are stated in Canadian dollars ("dollars" or "$") unless otherwise indicated. References to "U.S. dollars" and "US$" are to lawful currency of the U.S.

The Acquisition has been accounted for using the acquisition method. Based on the purchase price calculation as detailed in the merger agreement dated March 17, 2016, the estimated purchase price for the equity of Columbia is approximately $14.15 billion (Note 3a).

The unaudited *pro forma* condensed consolidated balance sheet and unaudited *pro forma* condensed consolidated statement of income reflect the Acquisition as if it had closed on December 31, 2015 and January 1, 2015, respectively. The accompanying unaudited *pro forma* condensed consolidated financial statements may not be indicative of the results that would have been achieved if the transactions reflected therein had been completed on the dates indicated or the results which may be obtained in the future. For instance, the actual purchase price equation will reflect the fair value, at the purchase date, of consideration transferred and the assets acquired and liabilities assumed based upon the Corporation's evaluation of such assets and liabilities following the closing of the Acquisition. Accordingly, the final purchase price equation, as it relates principally to goodwill, may differ materially from the preliminary purchase price equation reflected herein.

The unaudited *pro forma* condensed consolidated financial statements should be read in conjunction with the description of the Acquisition and the financing thereof provided in the Prospectus Supplement; the audited consolidated and combined financial statements of Columbia, including the notes thereto, included in the Prospectus Supplement; and the audited consolidated financial statements of TransCanada, including the notes thereto, incorporated by reference in the short form base shelf prospectus of TransCanada dated December 23, 2015 accompanying the Prospectus Supplement. The underlying assumptions for the *pro forma* adjustments provide a reasonable basis for presenting the significant financial effect directly attributable to the Acquisition. These *pro forma* adjustments are tentative and are based on currently available financial information and certain estimates and assumptions. The actual adjustments to the consolidated financial statements will depend on a number of factors. Therefore, it is expected that the actual adjustments will differ from the *pro forma* adjustments, and the differences may be material.

2. DESCRIPTION OF TRANSACTION

Pursuant to the Merger Agreement, TCPL will, indirectly through TransCanada Holdco and Merger Sub, acquire Columbia through a merger of Merger Sub with and into Columbia. The estimated purchase price, including payment for restricted and performance stock units, but excluding estimated acquisition costs of $69 million, will be approximately $14.15 billion (US$10.25 billion) (Note 3a). The unaudited *pro forma* condensed consolidated financial statements assume that, at closing, the Acquisition will be financed through (i) net proceeds from the sale of the Subscription Receipts (Note 3c), (ii) amounts drawn under the Acquisition Credit Facilities (Note 3d) and (iii) existing cash on hand or other sources available to the

2. DESCRIPTION OF TRANSACTION (Continued)

Corporation if needed. The sale of the Subscription Receipts, which are exchangeable to common shares, totaling $4.4 billion (Notes 3a and 3c) was completed on April 1, 2016 through a public offering as described in the Prospectus Supplement. TCPL has also arranged committed debt bridge facilities underwritten by certain financial institutions in the aggregate amount of $9.8 billion (US$6.9 billion) (Notes 3a and 3d). These facilities together with the equity issuance and other sources will fully fund the purchase price and thereby ensure sufficient liquidity to close the Acquisition.

The unaudited *pro forma* condensed consolidated financial statements reflect the estimated costs of issuing the common shares issuable upon exchange of the Subscription Receipts and arranging the Acquisition Credit Facilities in financing costs (Note 3c and 3d). The Corporation expects the Acquisition to close in the second half of 2016. Due to many factors, including the timing of regulatory approval, the estimated closing date is subject to change.

3. *PRO FORMA* ASSUMPTIONS AND ADJUSTMENTS

a) Purchase price and financing structure

The following is the estimated purchase price, estimated funding requirements and assumed financing structure for the Acquisition in Canadian dollars. These estimates have been reflected in the accompanying unaudited *pro forma* condensed consolidated financial statements.

(millions of Canadian $)		
Estimated Purchase Price		
Estimated purchase price	Note 3b	14,146
Estimated Funding Requirements		
Estimated purchase price		14,146
Subscription Receipts issuance costs	Note 3c	144
Acquisition Credit Facilities' costs	Note 3d	87
Acquisition costs	Note 3e	69
Estimated funding requirements		14,446
Assumed Financing Structure		
Subscription Receipts	Note 3c	4,419
Acquisition Credit Facilities	Note 3d	9,795
Cash on hand or short-term borrowings		232
Total		14,446

3. *PRO FORMA* ASSUMPTIONS AND ADJUSTMENTS (Continued)

b) Estimated purchase price equation

The estimated purchase price equation is comprised of the estimated fair values of Columbia net assets and liabilities as at December 31, 2015 in accordance with the acquisition method, as follows:

(millions of Canadian $, unless otherwise noted)	Columbia	Columbia	Fair Value and Other Adjustments	Fair Value
	US$	Note 3i		
Assets Acquired				
Cash and cash equivalents	931	1,285	—	1,285
Accounts receivable	152	210	—	210
Inventories	33	46	—	46
Other	120	166	—	166
Total Current Assets	1,236	1,707	—	1,707
Plant, Property and Equipment	6,064	8,368	836	9,204
Equity Investments	438	604	—	604
Regulatory Assets	178	246	—	246
Goodwill	1,976	2,727	(2,727)	—
Intangible and Other Assets	164	226	—	226
Total Assets	10,056	13,878	(1,891)	11,987
Liabilities Assumed				
Accounts payable and other	451	622	—	622
Accrued interest	10	14	—	14
Total Current Liabilities	461	636	—	636
Regulatory Liabilities	322	444	—	444
Other Long-Term Liabilities	166	229	—	229
Deferred Income Tax Liabilities	1,348	1,860	321	2,181
Long-Term Debt	2,746	3,789	14	3,803
Total Liabilities	5,043	6,958	335	7,293
Non-controlling Interests	956	1,320	(215)	1,105
Net Assets at Fair Value	4,057	5,600	(2,011)	3,589
Estimated Purchase Price				14,146
Goodwill				10,557

Under the acquisition method, the acquired tangible and intangible assets and assumed liabilities of the acquired entity are primarily measured at their estimated fair value at the date of acquisition. The excess of the purchase price over the preliminary estimated fair value of net assets acquired is classified as goodwill on the accompanying unaudited *pro forma* condensed consolidated balance sheet. Such goodwill is not amortized but will be evaluated for impairment on, at least, an annual basis. The estimated fair values and useful lives of assets acquired and liabilities assumed are based on preliminary management estimates and are subject to final valuation adjustments which may cause some of the amounts ultimately recorded as goodwill to be materially different from those shown on the unaudited *pro forma* condensed consolidated balance sheet. The preliminary estimates used to

3. *PRO FORMA* ASSUMPTIONS AND ADJUSTMENTS (Continued)

prepare the *pro forma* information presented will be updated after the closing of the Acquisition based upon management's final analysis.

The fair value of mineral rights included in Columbia's plant, property and equipment was estimated using a third party valuation report resulting in a higher fair value over the book value at December 31, 2015. The difference of $342 million between the fair value and the book value of the mineral rights will be amortized into income over their estimated useful lives, resulting in an estimated annual depreciation expense of $14 million ($9 million after-tax). This increase in fair value would result in a corresponding deferred income tax liability of approximately $133 million based on TransCanada's U.S. statutory income tax rate of 39%.

The fair value of base gas included in Columbia's plant, property and equipment was estimated using market prices resulting in a higher fair value over the book value at December 31, 2015. The difference of $494 million between the fair value and the book value of the base gas will not be amortized into income. This increase in fair value would result in a corresponding deferred income tax liability of approximately $193 million based on TransCanada's U.S. statutory income tax rate of 39%.

The fair value of Columbia's long-term debt was determined based on TransCanada's credit rating resulting in a higher fair value over the carrying value at December 31, 2015. The difference of $14 million between the fair value and carrying value will be amortized into income as a reduction of interest expense over the term of the long-term debt resulting in an estimated annual reduction of interest expense of $2 million ($1 million after-tax). This increase in fair value would result in a corresponding deferred income tax asset of approximately $5 million based on TransCanada's U.S. statutory income tax rate of 39%.

The fair value of Columbia's non-controlling interests is based on the approximately 54 million Columbia Pipeline Partners LP ("Columbia LP") common units outstanding to the public as of December 31, 2015, and valued at Columbia LP's March 15, 2016 closing price of US$14.84 per common unit. The final fair value of non-controlling interests will be based on the number of Columbia LP common units outstanding and the price of Columbia LP's common units as of the closing date.

c) Subscription receipts

Financing for the Acquisition contemplates using proceeds from the sale of approximately 96.6 million Subscription Receipts for gross proceeds of $4.4 billion. Each Subscription Receipt will entitle the holder thereof to automatically receive, upon the closing of the Acquisition and without any further action on the part of the holder thereof and without payment of additional consideration, one common share of the Corporation. Underwriting costs are estimated at approximately $144 million ($107 million after-tax) and will result in a corresponding deferred income tax asset of approximately $37 million based on TransCanada's Canadian statutory income tax rate of 26%.

d) Acquisition credit facilities

For the purpose of the unaudited condensed consolidated *pro forma* financial statements, the closing of the Acquisition is partially financed by a drawdown of bridge debt facilities underwritten by various financial institutions in an aggregate principal amount of up to $9.8 billion (US$6.9 billion) (the "Acquisition Credit Facilities"). Based on net proceeds of $4.3 billion from the sale of Subscription Receipts, it has been assumed that the Corporation will borrow $9.8 billion under the Acquisition

3. *PRO FORMA* ASSUMPTIONS AND ADJUSTMENTS (Continued)

Credit Facilities to fund the purchase price of the Acquisition. No adjustment has been made for any dividend equivalent payments that may be made using a portion of the net proceeds from the sale of Subscription Receipts given such amount will depend on the number and amount of any such payments. The Acquisition Credit Facilities are intended to be repaid through the planned monetization of the Corporation's U.S. Northeast merchant power assets and of a minority interest in its Mexican natural gas pipeline business. The impact of this repayment is not included in the unaudited condensed consolidated *pro forma* financial statements.

Estimated Acquisition Credit Facilities' costs are approximately $87 million ($64 million after-tax) and have been included as a *pro forma* adjustment to retained earnings on the unaudited *pro forma* condensed consolidated balance sheet but are not being reflected in the unaudited *pro forma* condensed consolidated statement of income. These costs will also result in a corresponding deferred income tax asset of approximately $23 million based on TransCanada's Canadian statutory income tax rate of 26%.

The interest rate is estimated at 2%, which would result in incremental interest expense for the year ended December 31, 2015 of $196 million. Incremental interest expense would result in a corresponding deferred income tax recovery of approximately $76 million based on TransCanada's U.S. statutory income tax rate of 39%.

e) Acquisition costs

Acquisition costs are estimated at approximately $69 million. Acquisition costs are composed of estimated investment banking, accounting, tax, legal and other costs associated with the completion of the Acquisition. These costs have been included as a *pro forma* adjustment to retained earnings on the unaudited *pro forma* condensed consolidated balance sheet as opposed to being reflected in the unaudited *pro forma* condensed consolidated statement of income on the basis that these expenses are directly incremental to the acquisition of Columbia and are non-recurring in nature.

f) Income taxes

For the purpose of the accompanying unaudited pro forma condensed consolidated financial statements including pro forma adjustments, average Canadian and U.S. deferred income tax rates of 26% and 39%, respectively, have been applied. The deferred income tax asset and liability is the cumulative amount of tax applicable to temporary differences between the accounting and tax values of assets and liabilities. Deferred income tax assets and liabilities are measured at the tax rates expected to apply when these differences reverse.

g) Columbia historical shareholders' equity

The historical shareholders' equity of Columbia, which includes common shares, additional paid-in capital, retained earnings and accumulated other comprehensive income has been eliminated.

h) Earnings per common share

Earnings per common share is calculated by dividing net (loss)/income attributable to common shares by the weighted average number of common shares outstanding for the year. The calculation of the *pro forma* earnings per common share for the year ended December 31, 2015 reflects the assumed issuance of approximately 96.6 million of TransCanada common shares, as if the issuance had taken

3. *PRO FORMA* ASSUMPTIONS AND ADJUSTMENTS (Continued)

place on January 1, 2015. The basic and diluted weighted average number of common shares outstanding in 2015 was 709 million. This resulted in a basic and diluted *pro forma* loss per common share for the year ended December 31, 2015 of $1.27.

i) Foreign exchange translation

The assets and liabilities of Columbia, which has a US dollar reporting and functional currency, are translated at the exchange rate in effect as at the unaudited *pro forma* condensed consolidated balance sheet date of December 31, 2015. Revenues and expenses of Columbia's operations are translated at the average exchange rate in effect during the reporting period. The following exchange rates were utilized for the unaudited *pro forma* condensed consolidated financial statements:

Balance Sheet (US dollars to Canadian dollars)
Closing rate — December 31, 2015: 1.38

Income Statement (US dollars to Canadian dollars)
Average rate — January 1, 2015 to December 31, 2015: 1.28

j) Segment classification

For the purpose of the accompanying unaudited *pro forma* condensed consolidated statement of income, Columbia's transportation, storage and other revenues have been combined with TransCanada's Natural Gas Pipeline revenues. As certain Columbia revenues are different in nature from TransCanada's Natural Gas Pipeline revenues, after closing of the Acquisition and based upon management's final analysis, actual results may vary from the assumption made to prepare the unaudited *pro forma* condensed consolidated statement of income.

CERTIFICATE OF THE UNDERWRITERS

Dated: April 13, 2016

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

TD SECURITIES INC.
By: (Signed) "HAROLD R. HOLLOWAY"

BMO NESBITT BURNS INC.
By: (Signed) "AARON M. ENGEN"

SCOTIA CAPITAL INC.
By: (Signed) "DAVID BABONEAU"

CIBC WORLD MARKETS INC.
By: (Signed) "KELSEN VALLEE"

RBC DOMINION SECURITIES INC.
By: (Signed) "TREVOR GARDNER"

NATIONAL BANK FINANCIAL INC.
By: (Signed) "IAIN WATSON"

DESJARDINS SECURITIES INC.
By: (Signed) "JEAN-YVES BOURGEOIS"

Base Shelf Prospectus

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

This short form prospectus has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

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

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the United States Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

SHORT FORM BASE SHELF PROSPECTUS

New Issue December 23, 2015

TransCanada

TRANSCANADA CORPORATION

$2,000,000,000

Common Shares
First Preferred Shares
Second Preferred Shares
Subscription Receipts

TransCanada Corporation ("TCC" or the "Corporation") may from time to time offer common shares ("Common Shares"), first preferred shares ("First Preferred Shares"), second preferred shares ("Second Preferred Shares" and, together with the First Preferred Shares, the "Preferred Shares") and subscription receipts ("Subscription Receipts") (collectively, Common Shares, Preferred Shares and Subscription Receipts are referred to herein as the "Securities") having an aggregate offering price of up to $2,000,000,000 (or the equivalent in U.S. dollars or other currencies) during the 25 month period that this short form base shelf prospectus, including any amendments hereto, remains valid.

The specific terms of any offering of Securities will be set forth in one or more shelf prospectus supplements (each, a "Prospectus Supplement") including, where applicable: (i) in the case of Common Shares, the number of shares offered and the offering price (or the manner of determination thereof if offered on a non-fixed price basis); (ii) in the case of Preferred Shares, the designation of the particular series, the number of shares offered, the offering price (or the manner of determination thereof if offered on a non-fixed price basis), any voting rights, any rights to receive dividends, any terms of redemption, any conversion or exchange rights and any other specific terms; and (iii) in the case of Subscription Receipts, the offering price (or the manner of determination thereof if offered on a non-fixed price basis), the procedures for the exchange of the Subscription Receipts for Common Shares or Preferred Shares, as the case may be, and any other specific terms. A Prospectus Supplement may include other terms pertaining to the Securities that are not prohibited by the parameters set forth in this prospectus.

All shelf information permitted under applicable laws to be omitted from this prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this prospectus. Each Prospectus Supplement will be incorporated by reference into this prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

(continued on next page)

(continued from cover)

The issued and outstanding Common Shares are listed on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") under the symbol "TRP". The issued and outstanding First Preferred Shares, series 1 ("Series 1 Shares"), the First Preferred Shares, series 2 ("Series 2 Shares"), the First Preferred Shares, series 3 ("Series 3 Shares"), the First Preferred Shares, series 4 ("Series 4 Shares"), the First Preferred Shares, series 5 ("Series 5 Shares"), the First Preferred Shares, Series 7 ("Series 7 Shares"), the First Preferred Shares, Series 9 ("Series 9 Shares") and the First Preferred Shares, series 11 ("Series 11 Shares") of TCC are listed for trading on the TSX under the symbols "TRP.PR.A", "TRP.PR.F", "TRP.PR.B", "TRP.PR.H", "TRP.PR.C", "TRP.PR.D", "TRP.PR.E" and "TRP.PR.G", respectively. **There is no market through which the Preferred Shares or Subscription Receipts which may be offered under this prospectus may be sold and purchasers may not be able to resell any Preferred Shares or Subscription Receipts purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors" as well as the "Risk Factors" section of the applicable Prospectus Supplement.**

The Corporation may sell the Securities to or through underwriters purchasing as principals and may also sell the Securities to one or more purchasers directly or through agents. See "Plan of Distribution". The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter or agent, as the case may be, engaged by TCC in connection with the offering and sale of Securities, and will set forth the terms of the offering of such Securities, including the method of distribution of such Securities, the public offering price, the proceeds to TCC, any fees, discounts or other compensation payable to underwriters or agents, and any other material terms of the plan of distribution. Securities may be sold from time to time in one or more transactions at a fixed price or fixed prices, or at non-fixed prices. If offered on a non-fixed price basis, Securities may be offered at market prices prevailing at the time of sale or at prices to be negotiated with purchasers at the time of sale, which prices may vary as between purchasers and during the period of distribution. If Securities are offered on a non-fixed price basis, the underwriters' compensation will be increased or decreased by the amount by which the aggregate price paid for Securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters to TCC. **See "Plan of Distribution"**.

In connection with any offering of Securities, the underwriters or agents may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Securities at a level above that which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time. See "Plan of Distribution".

TCC's head office and registered office is located at 450 - 1st Street S.W., Calgary, Alberta, Canada, T2P 5H1.

We are permitted, as a Canadian issuer, under the multi-jurisdictional disclosure system adopted by the United States ("U.S."), to prepare this prospectus in accordance with Canadian disclosure requirements. You should be aware that such requirements are different from those of the U.S.

You should be aware that the acquisition of the Securities described herein may have tax consequences both in the U.S. and in Canada. Such tax consequences for investors who are residents in, or citizens of, the U.S. may not be described fully herein or in any applicable Prospectus Supplement. You should read the tax discussion in any applicable Prospectus Supplement, however, this prospectus or any applicable Prospectus Supplement may not fully describe these tax consequences.

Your ability to enforce civil liabilities under U.S. federal securities laws may be affected adversely by the fact that we are incorporated under the laws of Canada, that some or all of our officers and directors may be residents of Canada, that some or all of the experts named in the registration statement may be residents of Canada and that all or a substantial portion of our assets and the assets of said persons are located outside the of U.S.

John E. Lowe, Paula R. Reynolds, John Richels and Mary Pat Salomone are directors of the Corporation who reside outside of Canada and each of these directors has appointed the Corporation as agent for service of process at 450 - 1st Street, S.W., Calgary, AB T2P 5H1. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process.

These Securities have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC") or any state securities commission nor has the SEC or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offence.

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FORWARD-LOOKING INFORMATION

This prospectus and the documents incorporated by reference in this prospectus include "forward-looking information" and "forward-looking statements" (collectively, "forward-looking information") within the meaning of securities laws, including the "safe harbour" provisions of the *Securities Act* (Ontario), the *Securities Act* (Alberta), the *United States Private Securities Litigation Reform Act of 1995*, Section 21E of the *United States Securities Exchange Act of 1934*, as amended (the "*Exchange Act*"), and Section 27A of the *United States Securities Act of 1933*, as amended (the "*Securities Act*"). The words "anticipate", "expect", "believe", "may", "will", "should", "estimate", "project", "outlook", "forecast", "intend", "target", "plan" or similar words are used to identify such forward-looking information. Forward-looking information in this prospectus and in the documents incorporated by reference herein is intended to provide you with information regarding us, including management's assessment of our future plans and financial outlook. Forward-looking information in this prospectus includes statements under the headings "Use of Proceeds" and "Plan of Distribution". Forward-looking information in this prospectus and the documents incorporated by reference herein may include, but is not limited to, statements regarding:

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

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

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

- inflation rates, commodity prices and capacity prices;
- timing of financings and hedging;
- regulatory decisions and outcomes;
- foreign exchange rates;
- interest rates;
- tax rates;
- planned and unplanned outages and the use of our pipeline and energy assets;

- integrity and reliability of our assets;
- access to capital markets;
- anticipated construction costs, schedules and completion dates; and
- acquisitions and divestitures.

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

- our ability to successfully implement our strategic initiatives;
- whether our strategic initiatives will yield the expected benefits;
- the operating performance of our pipeline and energy assets;
- amount of capacity sold and rates achieved in our pipeline businesses;
- the availability and price of energy commodities;
- the amount of capacity payments and revenues we receive from our energy business;
- regulatory decisions and outcomes;
- outcomes of legal proceedings, including arbitration and insurance claims;
- performance of our counterparties;
- changes in commodity prices;
- changes in the political environment;
- changes in environmental and other laws and regulations;
- competitive factors in the pipeline and energy sectors;
- construction and completion of capital projects;
- costs for labour, equipment and materials;
- access to capital markets;
- interest and foreign exchange rates;
- weather;
- cyber security;
- technological developments; and
- economic conditions in North America as well as globally.

Additional information on these and other factors is discussed in this prospectus and the documents incorporated by reference herein including in the 2014 MD&A (as defined herein) under the headings "Natural Gas Pipelines — Business Risks", "Liquids Pipelines — Business Risks", "Energy — Business Risks" and "Other Information — Risks and Risk Management", as may be modified or superseded by other subsequently filed documents that are also incorporated or deemed to be incorporated by reference in this prospectus.

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

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus from documents filed with the securities commissions or similar authorities in Canada and with the SEC in the U.S.

The following documents which were filed by us with the securities commissions or similar authorities in each of the provinces and territories of Canada and the SEC are incorporated by reference in this prospectus:

(a) audited comparative consolidated financial statements as at December 31, 2014 and 2013 and for each of the years in the three-year period ended December 31, 2014, the notes thereto, and the auditors' report thereon;

(b) management's discussion and analysis of financial condition and results of operations as at and for the year ended December 31, 2014 (the "2014 MD&A");

(c) annual information form for the year ended December 31, 2014 dated February 12, 2015 (the "Annual Information Form");

(d) management proxy circular dated March 2, 2015 for the 2015 annual meeting of shareholders held May 1, 2015;

(e) unaudited interim comparative consolidated financial statements as at September 30, 2015 and for the three and nine-month periods ended September 30, 2015 and 2014, and the notes thereto; and

(f) management's discussion and analysis of financial condition and results of operations as at and for the three and nine-month periods ended September 30, 2015.

Any documents of the type referred to above, including all annual information forms, all information circulars, all annual and interim financial statements and management's discussion and analysis relating thereto, all material change reports (excluding confidential material change reports), press releases containing financial information for financial periods more recent than the most recent annual or interim financial statements, and any business acquisition reports, as well as all Prospectus Supplements disclosing additional or updated information subsequently filed by us with securities regulatory authorities in Canada after the date of this prospectus and prior to the date on which this prospectus ceases to be effective shall be deemed to be incorporated by reference into this prospectus. These documents will be available through the internet on the System for Electronic Document Analysis and Retrieval ("SEDAR"), which can be accessed at www.sedar.com. In addition, any similar documents filed by us with the SEC in our periodic reports on Form 6-K or annual reports on Form 40-F, and any other documents filed with or furnished to the SEC pursuant to Section 13(a), 13(c) or 15(d) of the *Exchange Act*, in each case after the date of this prospectus, shall be deemed to be incorporated by reference into the registration statement of which this prospectus forms a part, if and to the extent expressly provided in such reports. Our periodic reports on Form 6-K and our annual reports on Form 40-F are available on the SEC's Electronic Data Gathering and Retrieval ("EDGAR") system web site at www.sec.gov.

Any statement contained in this prospectus or in a document incorporated, or deemed to be incorporated, by reference herein shall be deemed to be modified or superseded for the purposes of this prospectus to the extent that a statement contained in this prospectus or in any subsequently filed document that also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this prospectus, except as so modified or superseded.

Upon a new annual information form and related annual audited comparative consolidated financial statements and accompanying management's discussion and analysis being filed by us with the applicable securities regulatory authorities during the term of this prospectus, the previous annual information form, the

previous annual audited comparative consolidated financial statements and accompanying management's discussion and analysis, all interim comparative consolidated financial statements and accompanying management's discussion and analysis, all material change reports and all business acquisition reports filed by us prior to the commencement of the financial year of the Corporation in which the new annual information form and the related annual audited comparative consolidated financial statements and accompanying management's discussion and analysis are filed shall be deemed no longer to be incorporated by reference into this prospectus for purposes of future offers and sales of Securities hereunder. Upon interim comparative consolidated financial statements and the accompanying management's discussion and analysis being filed by us with the applicable securities regulatory authorities during the term of this prospectus, all interim comparative consolidated financial statements and accompanying management's discussion and analysis filed prior to the filing of the new interim comparative consolidated financial statements shall be deemed no longer to be incorporated by reference into this prospectus for purposes of future offers and sales of Securities hereunder.

Any "template version" of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) pertaining to a distribution of Securities will be filed on SEDAR. In the event that such "marketing materials" are filed subsequent to the date of the filing of the applicable Prospectus Supplement(s) pertaining to the distribution of the Securities that such "marketing materials" relate to and prior to the termination of such distribution, such filed versions of the "marketing materials" will be deemed to be incorporated by reference into the applicable Prospectus Supplement(s) for the purposes of the distribution of the Securities to which the Prospectus Supplement(s) pertain.

We will provide without charge to each person to whom this prospectus is delivered, including any beneficial owner, upon written or oral request of such person, a copy of any or all of the documents incorporated herein by reference (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference in such documents). Requests should be directed to TransCanada Corporation, 450 - 1st Street S.W., Calgary, Alberta, Canada, T2P 5H1, Attention: Corporate Secretary, telephone number (403) 920-2000.

You should rely only on the information contained in or incorporated by reference in this prospectus or any applicable Prospectus Supplement and on the other information included in the registration statement of which this prospectus forms a part. We have not authorized anyone to provide you with different or additional information. We are not making an offer of these Securities in any jurisdiction where the offer is not permitted by law. You should not assume that the information contained in or incorporated by reference in this prospectus or any applicable Prospectus Supplement is accurate as of any date other than the date on the front of the applicable Prospectus Supplement.

ABOUT THIS PROSPECTUS

In this prospectus and in any Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to "dollars" or "$" are to lawful currency of Canada, and references to "U.S. dollars" or "U.S.$" are to lawful currency of the U.S.

Unless otherwise indicated, all financial information included and incorporated by reference in this prospectus has been prepared in accordance with U.S. GAAP.

One or more Prospectus Supplements containing the specific variable terms of an offering of Securities will be delivered to purchasers of such Securities together with this prospectus and will be deemed to be incorporated by reference into this prospectus as of the date of such Prospectus Supplement solely for the purposes of the offering of the Securities offered thereunder.

Except on the cover page and under "Description of the Securities Being Distributed", and unless the context otherwise requires, all references in this prospectus and any Prospectus Supplement to "we", "us", "our", "TCC" or the "Corporation" mean TransCanada Corporation and its subsidiaries, partnership interests and joint venture investments.

WHERE TO FIND MORE INFORMATION

We have filed with the SEC, under the *Securities Act,* a registration statement on Form F-10 relating to the Securities. This prospectus, which constitutes a part of the registration statement, does not contain all of the information contained in the registration statement, certain items of which are contained in the exhibits to the registration statement as permitted by the rules and regulations of the SEC. Statements included or incorporated by reference in this prospectus about the contents of any contract, agreement or other documents referred to are not necessarily complete, and in each instance, you should refer to the exhibits for a complete description of the matter involved. Each time we sell Securities under the registration statement, we will provide a Prospectus Supplement that will contain specific information about the terms of that offering. The Prospectus Supplement may also add, update or change information contained in this prospectus.

We file annual and quarterly financial information and material change reports, business acquisition reports and other material with the securities commission or similar regulatory authority in each of the provinces and territories of Canada and with the SEC. Under the multi-jurisdictional disclosure system adopted by the U.S., documents and other information that we file with the SEC may be prepared in accordance with the disclosure requirements of Canada, which are different from those of the U.S. You may read and download any public document that TCC has filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada on SEDAR at www.sedar.com. You may read and copy any document TCC has filed with the SEC at the SEC's public reference room in Washington D.C. and may also obtain copies of those documents from the public reference room of the SEC at 100 F Street, N.E., Washington, D.C. 20549 by paying a fee. Additionally, you may read and download some of the documents that we have filed on EDGAR at www.sec.gov. Reports and other information about us may also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

THE CORPORATION

TCC was incorporated pursuant to the provisions of the *Canada Business Corporations Act* on February 25, 2003 in connection with a plan of arrangement which established TCC as the parent company of TransCanada PipeLines Limited ("TCPL"). All of the outstanding common shares of TCPL are owned by TCC.

We operate our business in three segments: Natural Gas Pipelines, Liquids Pipelines and Energy. Natural Gas Pipelines and Liquids Pipelines are principally comprised of our respective natural gas and oil pipelines in Canada, the U.S. and Mexico as well as our regulated natural gas storage operations in the U.S. Energy includes our power operations and the non-regulated natural gas storage business in Canada.

Our principal subsidiaries as of December 31, 2014 are indicated in the diagram under the heading "TransCanada Corporation — Intercorporate Relationships" in the Annual Information Form.

RECENT DEVELOPMENTS

The U.S. Department of State announced on November 6, 2015 that it had decided to reject the Corporation's application for approval of the Keystone XL pipeline. The Corporation is currently reviewing the accounting impact as well as all of its options in light of the permit denial, including a reduction in carrying value of the costs incurred on the project to their estimated fair value and filing a new application to receive a Presidential Permit.

The Corporation announced on November 11, 2015, that the Corporation had been chosen to build, own and operate the Tuxpan-Tula Pipeline in Mexico. Construction of the pipeline is supported by a 25-year natural gas transportation service contract with the Comision Federal de Electricidad, Mexico's state owned power company. The Corporation expects to invest approximately U.S.$500 million in the 36-inch diameter pipeline and anticipates an in-service date in the fourth quarter of 2017. The pipeline will be approximately 250 kilometres long and have contracted capacity of 886 million cubic feet a day.

On November 16, 2015, the Corporation announced that its wholly-owned subsidiary, NOVA Gas Transmission Ltd. ("NGTL") had signed contracts for approximately 2.7 billion cubic feet per day of new firm natural gas transportation service that will require a $570 million system expansion. Subject to regulatory approvals, construction is expected to start in 2017, with all facilities expected to be in service in 2018. On

December 1, 2015, the Corporation also announced that NGTL had reached an agreement with customers and other interested parties on the annual costs, including equity return and depreciation, required to operate the NGTL System for 2016 and 2017, subject to regulatory approvals.

On November 19, 2015, the Corporation announced that the TSX has approved the Corporation's normal course issuer bid to purchase, for cancellation, up to 21,270,257 of its Common Shares, representing approximately three per cent of the Corporation's 709,008,574 issued and outstanding Common Shares as of November 13, 2015. Purchases under the normal course issuer bid may continue until November 22, 2016 when the bid expires. Purchases may be made through the facilities of the TSX, the New York Stock Exchange ("NYSE") and other designated exchanges and published markets in both Canada and the U.S., in accordance with applicable regulatory requirements. On December 8, 2015, the Corporation announced that it intends to purchase for cancellation, on or before October 31, 2016, up to 6,610,000 of its Common Shares pursuant to private agreements between TCC and an arm's-length third-party seller. Purchases will be made in accordance with an issuer bid exemption order issued by the OSC, dated December 4, 2015 (the "Order"), and pursuant to the Order, may be made in several transactions prior to October 31, 2016. The price that TCC will pay for its Common Shares purchased by way of private agreements will be at a discount to the prevailing market price of the Common Shares on the TSX at the time of purchase. Information regarding each purchase, including the number of Common Shares purchased and aggregate price paid, will be available on SEDAR at www.sedar.com following the completion of any such purchase. Purchases made by the Corporation will be counted towards its normal course issuer bid and will not exceed, in aggregate, one third of the maximum number of common shares that it may purchase under the bid, being 7,090,085 Common Shares. The actual number of Common Shares that will be repurchased under the bid, by way of any private agreements or otherwise, and the timing of any such purchases, will be determined by the Corporation based on numerous factors from time to time, including market conditions.

The Corporation announced on December 3, 2015 that Bruce Power had entered into an agreement with the Ontario Independent Electricity System Operator to extend the operating life of the Bruce Power facility to 2064. This new agreement represents an extension and material amendment to the earlier agreement that led to the refurbishment of Units 1 and 2 at the site. In connection with this expansion, the Corporation has exercised its option to acquire an additional interest in Bruce Power for $236 million from the Ontario Municipal Employees Retirement System (OMERS). Following the completion of this transaction, the Corporation and OMERS will each hold a 48.5 per cent interest in Bruce Power, with the remainder held by the Power Workers' Union, the Society of Energy Professionals and a Bruce Power Employee Trust.

The amended agreement, which will take economic effect January 1, 2016, will allow Bruce Power to immediately invest in life extension activities for Units 3 through 8 to support the long-term refurbishment program. This early investment in the Asset Management (AM) program will result in near-term life extension, allowing later investment in the Major Component Replacement (MCR) work that will begin in 2020. Our estimated share of investment related to the AM program to be completed over the life of the agreement is approximately $2.5 billion (2014 dollars). The Corporation's estimated share of investment in the MCR work for Units 3 through 8 over the 2020 to 2033 timeframe is approximately a further $4 billion (2014 dollars).

On December 17, 2015 TransCanada Corporation announced it had filed an amendment to its existing application with the National Energy Board ("NEB") that adjusts the proposed route, scope and capital cost of the Energy East Pipeline Project based on landowner, environmental, community and customer input. Changes to the project schedule and scope have contributed to a new projected capital cost of $15.7 billion, excluding the transfer of Canadian Mainline natural gas assets. The change in project scope and further refinement of the project schedule is expected to result in an in-service date of 2020, subject to receiving the necessary regulatory approvals and permits. The Corporation had previously announced on November 5, 2015 its intention to amend the application before the NEB to remove a port in Québec from the scope of the project.

CONSOLIDATED CAPITALIZATION

Other than the issuance by TransCanada PipeLines Limited ("TCPL"), a wholly-owned subsidiary of the Corporation, of $400 million principal amount of 4.55% medium term notes due 2041 on October 6, 2015 (the "October MTNs") and the U.S.$1.0 billion principal amount of 1.625% senior notes due 2017 on November 9, 2015 (the "November Notes"), there have been no material changes in the share and loan capital of the Corporation, on a consolidated basis, since September 30, 2015.

USE OF PROCEEDS

Unless otherwise indicated in a Prospectus Supplement relating to a particular offering of Securities, we intend to use the net proceeds from the sale of Securities to reduce or repay indebtedness and/or to, directly or indirectly, finance our long-term investment program. Specific information about the use of net proceeds will be set forth in the applicable Prospectus Supplement. We may invest funds which we do not immediately require in short-term marketable investment grade securities. We may, from time to time, issue securities (including debt securities) other than pursuant to this prospectus.

EARNINGS COVERAGE

The following financial ratios have been calculated on a consolidated basis for the respective 12-month periods ended December 31, 2014 and September 30, 2015 and are based on audited financial information in the case of the 12-month period ended December 31, 2014 and unaudited financial information in the case of the 12-month period ended September 30, 2015. The following financial ratios give pro forma effect to the issuance of the October MTNs and the November Notes. The financial ratios for the 12-month period ended December 31, 2014 also give pro forma effect to the issuance of: (i) the Series 11 Shares on March 2, 2015, (ii) the conversion of certain Series 3 Shares into Series 4 Shares on June 30, 2015, and the issuance by TCPL of: (i) U.S. $500 million principal amount of 1.875% senior notes due 2018 (the "January Fixed Rate Notes") and U.S. $250 million principal amount of floating rate senior notes due 2018 (the "January Floating Rate Notes") on January 12, 2015 (assuming a constant rate of interest for the notes for the applicable periods based on the rate of interest applicable to such notes on the date hereof), (ii) U.S. $750 million principal amount of 4.60% senior notes due 2045 (the "Formosa Bonds") on March 31, 2015, (iii) U.S. $750 million principal amount of 5.875% (reset quarterly starting May 20, 2025) subordinated notes due 2075 (the "Sub Notes") on May 20, 2015; and (iv) $750 million principal amount of 3.30% medium term notes due 2025 (the "July MTNs") on July 17, 2015. The following ratios do not give effect to the issue of any Securities pursuant to this prospectus. Adjustments for other normal course issuances and repayments of long-term debt subsequent to September 30, 2015 and December 31, 2014, as applicable, would not materially affect the ratios and, as a result, have not been made.

	December 31, 2014	September 30, 2015
Earnings coverage on long-term debt and current liabilities	2.4 times	2.3 times
Earnings coverage on long-term debt, current liabilities and first preferred shares	2.2 times[(1)]	2.1 times[(1)]

(1) Gives effect to the dividends declared on the Corporation's outstanding Series 1 Shares, Series 2 Shares, Series 3 Shares, Series 4 Shares, Series 5 Shares, Series 7 Shares, Series 9 Shares and Series 11 Shares, in the aggregate amount of $129.6 million for the 12-months ended December 31, 2014 and in the aggregate amount of $131.6 million for the 12-months ended September 30, 2015.

The Corporation's dividend requirements on all of its issued and outstanding Preferred Shares for: (i) the 12-month period ended December 31, 2014 after giving pro forma effect to the conversion of certain Series 3 Shares into Series 4 Shares and the issuance of the Series 11 Shares and adjusted to a before-tax equivalent using an effective income tax rate of 31.05%, amounted to approximately $129.6 million; and (ii) the 12-month period ended September 30, 2015 adjusted to a before-tax equivalent using an effect income tax rate of 33.32%, amounted to approximately $131.6 million. The Corporation's interest expense requirements for (i) the 12-month period ended December 31, 2014, after giving pro forma effect to the issuance of the January Fixed Rate Notes, the January Floating Rate Notes (assuming a constant rate of interest for the January Floating Rate Notes for the applicable periods based on the rate of interest applicable to such January Floating Rate Notes on the date hereof), the Formosa Bonds, the Sub Notes, the July MTNs, the October MTNs and the November Notes, amounted to approximately $1.626 billion; and (ii) the 12-month period ended September 30, 2015 after giving pro forma effect to the issuance of the October MTNs and the November Notes amounted to approximately $1.761 billion. The Corporation's earnings before interest expense and income taxes for the 12-month period ended December 31, 2014 were approximately $3.870 billion, which is 2.2 times the Corporation's aggregate pro forma dividend and interest requirements for this period. The Corporation's earnings before interest expense and income taxes for the 12-month period ended September 30, 2015 were approximately $3.978 billion, which is 2.1 times the Corporation's aggregate pro forma dividend and interest requirements for this period.

DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

We are authorized to issue an unlimited number of Common Shares, of which approximately 703 million were issued and outstanding as of December 21, 2015; an unlimited number of First Preferred Shares, issuable in series, of which 9,498,423 Series 1 Shares, 12,501,577 Series 2 Shares, 8,533,405 Series 3 Shares, 5,466,595 Series 4 Shares, 14 million Series 5 Shares, 24 million Series 7 Shares, 18 million Series 9 Shares and 10 million Series 11 Shares were outstanding as of December 21, 2015; and an unlimited number of Second Preferred Shares, issuable in series, of which none were outstanding as of December 21, 2015. No Subscription Receipts were issued and outstanding as of December 21, 2015.

The following description of each of the Common Shares, First Preferred Shares, Second Preferred Shares and Subscription Receipts is a summary of certain of their material attributes and characteristics which does not purport to be complete. The terms and conditions set forth in this section will apply, as applicable, to each Common Share, First Preferred Share, Second Preferred Share and Subscription Receipt unless otherwise specified in the applicable Prospectus Supplement.

Common Shares

The Common Shares entitle the holders thereof to one vote per share at all meetings of shareholders, except meetings at which only holders of another specified class of shares are entitled to vote, and, subject to the rights, privileges, restrictions and conditions attaching to the Preferred Shares, whether as a class or a series, and to any other class or series of shares of TCC which rank prior to the Common Shares, entitle the holders thereof to receive: (i) dividends if, as and when declared by the board of directors of TCC out of the assets of TCC properly applicable to the payment of the dividends in such amount and payable at such times and at such place or places as the board of directors of TCC may from time to time determine; and (ii) the remaining property of TCC upon a dissolution.

The Corporation has a shareholders' rights plan (the "Rights Plan") that is designed to encourage the fair treatment of shareholders in connection with any takeover bid for the Corporation. Rights issued under the Rights Plan become exercisable when a person (subject to certain exceptions), and any related parties, acquires or announces the intention to acquire 20% or more of the Corporation's outstanding Common Shares without complying with certain provisions set out in the Rights Plan or without approval of the board of directors of the Corporation. Should such an acquisition occur, each rights holder, other than the acquiring person and related parties, will have the right to purchase Common Shares essentially at a 50% discount to the market price at that time. For further particulars, reference should be made to the Rights Plan, a copy of which may be obtained on request without charge from the Corporate Secretary of TCC, 450 - 1st Street S.W., Calgary, Alberta, Canada, T2P 5H1 (telephone (403) 920-2000).

First Preferred Shares

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

The First Preferred Shares of each series shall rank on a parity with the First Preferred Shares of every other series, and shall be entitled to preference over the Common Shares, the Second Preferred Shares and any other shares ranking junior to the First Preferred Shares with respect to the payment of dividends, the repayment of capital and the distribution of the assets of TCC in the event of a liquidation, dissolution or winding up of TCC or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, and may also be given such other preferences not inconsistent with the provisions of the Articles of TCC.

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

Subject to the provisions of the *Canada Business Corporations Act* and any provisions relating to any particular series, TCC, upon giving proper notice, may redeem out of capital or otherwise at any time, or from time to time, the whole or any part of the then outstanding First Preferred Shares of any one or more series on payment for each such First Preferred Share of such price or prices as may be applicable to such series. Subject to the foregoing, in case a part only of the then outstanding First Preferred Shares of any particular series is at any time redeemed, the shares to be redeemed will be selected by lot in such manner as the directors or the transfer agent for the First Preferred Shares, if any, decide, or if the directors so determine, may be redeemed pro rata disregarding fractions.

The provisions attaching to the First Preferred Shares as a class may be modified, amended or varied only with the approval of the holders of the First Preferred Shares as a class. Any such approval to be given by the holders of the First Preferred Shares may be given by the affirmative vote of the holders of not less than 66⅔ per cent of the First Preferred Shares represented and voted at a meeting or adjourned meeting of such holders.

Second Preferred Shares

The rights, privileges, restrictions and conditions attaching to the Second Preferred Shares are substantially identical to those attaching to the First Preferred Shares, except that the Second Preferred Shares are junior to the First Preferred Shares with respect to the payment of dividends, repayment of capital and the distribution of the assets of TCC in the event of a liquidation, dissolution or winding up of TCC.

Subscription Receipts

The Subscription Receipts may be offered separately or together with the Common Shares, First Preferred Shares or Second Preferred Shares, as the case may be. The Subscription Receipts will be issued under a subscription receipt agreement that will be entered into by the Corporation at the time of issuance of the Subscription Receipts.

The applicable Prospectus Supplement will include details of the subscription receipt agreement covering the Subscription Receipts being offered. The specific terms of the Subscription Receipts, and the extent to which the general terms described in this section apply to those Subscription Receipts, will be set forth in the applicable Prospectus Supplement. A copy of the subscription receipt agreement will be filed by the Corporation with securities regulatory authorities in Canada after it has been entered into by the Corporation.

The particular terms of each issue of Subscription Receipts that will be described in the related Prospectus Supplement will include, where applicable:

- the number of Subscription Receipts;
- the price at which the Subscription Receipts will be offered;
- the procedures for the exchange of the Subscription Receipts into Common Shares, First Preferred Shares or Second Preferred Shares, as the case may be;

- the number of Common Shares, First Preferred Shares or Second Preferred Shares, as the case may be, that may be exchanged upon exercise of each Subscription Receipt;
- the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- terms relating to the holding and release or return of the gross proceeds from the sale of the Subscription Receipts plus any interest earned thereon;
- material income tax consequences of owning the Subscription Receipts; and
- any other material terms and conditions of the Subscription Receipts.

Pursuant to the Subscription Receipt agreement, original purchasers of Subscription Receipts will have a contractual right of rescission against the Corporation, following the issuance of the underlying Common Shares or other securities to such purchasers, upon the surrender or deemed surrender of the Subscription Receipts, to receive the amount paid for the Subscription Receipts in the event that the applicable Prospectus Supplement and any amendment thereto contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days from the closing date of the offering of Subscription Receipts.

PLAN OF DISTRIBUTION

We may offer and sell the Securities: (i) through underwriters purchasing as principals; (ii) directly to one or more purchasers in accordance with applicable securities laws; or (iii) through agents. Securities may be sold from time to time in one or more transactions at a fixed price or fixed prices, or at non-fixed prices. If offered on a non-fixed price basis, Securities may be offered at market prices prevailing at the time of sale or at prices to be negotiated with purchasers at the time of sale, which prices may vary as between purchasers and during the period of distribution. If Securities are offered on a non-fixed price basis, the underwriters' or agents' compensation will be increased or decreased by the amount by which the aggregate price paid for Securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters or agents to us.

The Prospectus Supplement relating to each offering of Securities will identify each underwriter or agent, as the case may be, and will also set forth the terms of that offering, including the type of Security being offered, the purchase price of such Security, the proceeds to the Corporation, any underwriters' or agents' fees, commissions or other items constituting underwriters' or agents' compensation, the public offering price, and any concessions or discounts allowed or re-allowed or paid by any underwriters to others. Only underwriters or agents so named in the Prospectus Supplement are deemed to be underwriters or agents, as the case may be, in connection with the Securities offered thereby.

If underwriters purchase Securities as principal, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase those Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Securities offered by the Prospectus Supplement if any of such Securities are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid may be changed from time to time.

The Securities may also be sold directly by us in accordance with applicable securities laws at prices and upon terms agreed to by the purchaser and us or through agents designated by us from time to time. Any agent involved in the offering and sale of the Securities pursuant to a particular Prospectus Supplement will be named, and any commissions payable by us to that agent will be set forth, in such Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent would be acting on a best efforts basis for the period of its appointment.

In connection with the sale of the Securities, underwriters may receive compensation from us in the form of commissions, concessions or discounts. Any such commissions may be paid out of our general funds or the proceeds of the sale of the Securities. Under agreements which may be entered into by us, underwriters and agents who participate in the distribution of Securities may be entitled to indemnification by us against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters or agents may be required to make in respect thereof. Those underwriters and agents may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

Any offering of Preferred Shares or Subscription Receipts will be a new issue of Securities with no established trading market. Unless otherwise specified in the applicable Prospectus Supplement, the Preferred Shares or Subscription Receipts will not be listed on any stock exchange. Certain dealers may make a market in such Securities, but will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that any dealer will make a market in such Securities or as to the liquidity of the trading market, if any, for such Securities.

The applicable Prospectus Supplement will set forth the intention of any underwriters or agents who participate in the distribution of the Securities to over-allot or effect transactions which stabilize, maintain, or otherwise affect the Security's price at a higher level than that which might exist in the open market. Such transactions may be commenced, interrupted or discontinued at any time without notice.

TRADING PRICE AND VOLUME

The Common Shares are listed for trading on the TSX and the NYSE under the symbol "TRP" and the Series 1 Shares, the Series 2 Shares, the Series 3 Shares, the Series 4 Shares, the Series 5 Shares, the Series 7 Shares, the Series 9 Shares and the Series 11 Shares are listed for trading on the TSX under the symbols "TRP.PR.A", "TRP.PR.F", "TRP.PR.B", "TRP.PR.H", "TRP.PR.C", "TRP.PR.D", "TRP.PR.E", and "TRP.PR.G" respectively. The following table sets forth the reported monthly high, low and closing trading prices and monthly trading volumes of the Common Shares, Series 1 Shares, Series 2 Shares, Series 3 Shares, Series 4 Shares, Series 5 Shares, Series 7 Shares, Series 9 Shares and Series 11 Shares on the TSX for the period from November 1, 2014 to December 21, 2015.

	Common Shares			
	Share Price Trading Range			
	High	Low	Close	Volume
	($ per share)			
2014				
November	57.98	53.87	54.45	29,512,092
December	58.18	51.47	57.10	39,181,474
2015				
January	58.17	50.51	56.54	30,794,015
February	59.50	53.69	54.79	25,994,936
March	56.51	53.06	54.16	27,402,084
April	58.12	53.57	56.00	22,163,117
May	56.64	52.98	53.90	19,687,840
June	54.35	50.15	50.76	37,765,436
July	52.16	48.46	50.83	22,653,037
August	51.13	41.95	45.90	27,618,517
September	45.84	41.10	42.20	34,144,320
October	46.43	41.67	44.00	34,162,593
November	45.54	40.68	42.14	32,389,719
December 1-21	48.44	40.58	44.67	49,692,149

	Series 1 Shares(1)				Series 2 Shares				Series 3 Shares				Series 4 Shares(2)			
	Share Price Trading Range				Share Price Trading Range				Share Price Trading Range				Share Price Trading Range			
	High	Low	Close	Volume	High	Low	Close	Volume	High	Low	Close	Volume	High	Low	Close	Volume
	($ per share)				($ per share)				($ per share)				($ per share)			
2014																
November	22.29	21.40	21.50	961,356	—	—	—	—	19.29	18.48	18.54	614,216	—	—	—	—
December	21.50	19.18	21.20	1,887,035	22.85	22.41	22.61	37,025	18.49	17.02	17.92	511,512	—	—	—	—
2015																
January	21.90	20.00	20.66	560,629	22.53	18.65	19.19	347,926	18.66	14.63	15.05	560,874	—	—	—	—
February	20.83	19.43	20.06	131.566	19.20	17.81	18.60	199,742	15.62	14.05	14.17	285,782	—	—	—	—
March	21.02	19.51	20.71	252.192	20.00	18.50	19.54	125,953	15.50	14.06	15.03	593,528	—	—	—	—
April	20.85	18.60	20.63	202,551	19.70	18.00	19.00	286,756	15.35	13.47	15.35	751,232	—	—	—	—
May	21.49	20.09	20.10	400,393	19.52	18.62	19.25	261,019	16.76	15.15	15.54	440,791	—	—	—	—
June	20.71	19.27	20.41	227,669	19.25	18.55	18.66	158,772	15.26	14.50	14.90	287,200	—	—	—	—
July	20.57	18.52	18.62	204,317	18.85	16.98	17.08	125,457	15.34	14.50	14.65	650,505	15.74	14.20	15.42	156,284
August	18.60	13.76	16.58	110,168	17.16	12.01	14.35	117,588	14.56	10.76	12.12	140,297	15.44	10.06	11.00	71,030
September	17.77	14.52	14.98	155,532	15.25	12.52	12.96	197,910	12.99	11.62	11.84	122,321	11.88	10.75	10.77	207,108
October	16.19	14.00	15.60	336,444	14.90	12.30	14.45	212,163	13.19	10.95	13.19	291,286	11.70	10.09	11.44	145,129
November	17.59	15.42	15.76	400,301	15.50	13.68	13.90	301,818	13.98	11.64	11.96	91,906	12.20	10.30	10.82	116,264
December 1-21	16.32	14.02	15.70	324,073	14.00	12.50	13.15	298,468	11.95	10.51	11.08	254,608	11.01	9.65	9.95	115,249

	Series 5 Shares				Series 7 Shares				Series 9 Shares[3]				Series 11 Shares[4]			
	Share Price Trading Range				Share Price Trading Range				Share Price Trading Range				Share Price Trading Range			
	High	Low	Close	Volume	High	Low	Close	Volume	High	Low	Close	Volume	High	Low	Close	Volume
	($ per share)				($ per share)				($ per share)				($ per share)			
2014																
November	22.48	21.55	21.86	238,730	25.59	25.05	25.53	196,566	25.69	25.20	25.56	798,443	—	—	—	—
December	21.98	18.61	21.53	488,294	25.55	24.79	25.28	350,740	25.73	25.00	25.43	345,413	—	—	—	—
2015																
January	21.57	16.75	17.55	188,280	25.30	23.23	23.75	280,661	25.65	23.30	23.76	140,342	—	—	—	—
February	17.55	16.25	16.98	292,579	24.45	23.40	23.88	246,679	24.99	23.43	24.50	131,828	—	—	—	—
March	18.12	16.15	16.22	471,348	24.45	23.45	23.75	473,362	25.03	24.00	24.32	564,382	25.10	24.65	24.98	2,612,855
April	17.68	15.35	17.45	593,653	23.82	21.88	23.70	409,397	24.39	22.22	24.34	312,264	25.08	24.60	25.06	820,359
May	18.74	16.74	16.96	492,933	24.47	22.83	22.95	295,895	24.87	23.71	23.95	234,005	25.77	24.75	24.90	421,987
June	17.23	15.90	16.35	237,532	23.01	21.79	22.20	352,000	23.89	22.29	22.69	246,365	25.24	24.52	25.00	259,105
July	16.40	14.75	14.83	642,077	22.25	20.24	20.24	593,175	22.99	21.04	21.04	147,663	25.10	23.36	23.67	312,258
August	14.82	10.86	13.09	175,873	21.10	18.42	18.80	318,717	21.20	18.82	19.56	247,723	23.95	18.47	22.34	126,388
September	13.68	11.90	12.20	250,710	20.19	16.52	17.20	350,929	20.46	17.07	17.95	516,358	22.82	19.04	19.48	127,079
October	13.99	11.30	13.35	309,549	19.40	15.69	19.00	983,326	19.80	16.21	19.50	536,722	22.35	17.58	21.90	256,228
November	14.99	12.53	12.69	371,781	20.84	18.04	18.58	603,568	21.68	18.80	19.35	467,963	22.48	20.00	20.38	230,890
December 1-21	12.60	11.10	11.80	364,800	18.75	16.76	17.64	947,953	19.79	17.60	18.72	489,495	20.69	18.10	20.48	297,285

(1) The Series 2 Shares began trading on December 31, 2014.

(2) The Series 4 Shares began trading on June 30, 2015.

(3) The Series 9 Shares began trading on January 20, 2014.

(4) The Series 11 Shares began trading on March 2, 2015.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a corporation incorporated under and governed by the *Canada Business Corporations Act*. Some of our directors and officers, and some of the experts named in this prospectus, are residents of Canada or otherwise reside outside the U.S., and all or a substantial portion of their assets, and a substantial portion of the Corporation's assets which are held through subsidiaries, are located outside the U.S. We have appointed an agent for service of process in the U.S., but it may be difficult for holders of Securities who reside in the U.S. to effect service within the U.S. upon those directors, officers and experts who are not residents of the U.S. It may also be difficult for holders of Securities who reside in the U.S. to realize in the U.S. upon judgments of courts of the U.S. predicated upon the Corporation's civil liability and the civil liability of the directors and officers of the Corporation and experts under U.S. federal securities laws.

We have been advised by our Canadian counsel, Blake, Cassels & Graydon LLP, that a judgment of a U.S. court predicated solely upon civil liability under U.S. federal securities laws would probably be enforceable in Canada if the U.S. court in which the judgment was obtained has a basis for jurisdiction in the matter that would be recognized by a Canadian court for the same purposes. We have also been advised by Blake, Cassels & Graydon LLP, however, that there is real doubt whether an action could be brought in Canada in the first instance on the basis of liability predicated solely upon U.S. federal securities laws.

We have filed with the SEC, concurrently with our registration statement on Form F-10, an appointment of agent for service of process on Form F-X. Under the Form F-X, we appointed TransCanada Pipeline USA Ltd. as our agent for service of process in the U.S. in connection with any investigation or administrative proceeding conducted by the SEC, and any civil suit or action brought against or involving us in a U.S. court arising out of or related to or concerning the offering of Securities under this prospectus.

CERTAIN INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement will describe certain material Canadian federal income tax consequences to an investor who is a resident of Canada or who is a non-resident of Canada of the acquisition, ownership and disposition of any Securities offered thereunder, including whether the payment of dividends will be subject to Canadian non-resident withholding tax.

The applicable Prospectus Supplement will also describe certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of any Securities offered thereunder by an initial investor who is a U.S. person (within the meaning of the United States Internal Revenue Code).

RISK FACTORS

Investment in the Securities is subject to various risks including those discussed below and those risks inherent in the pipeline, energy and gas storage industries. You should consider carefully the risk factors contained in and incorporated by reference in this prospectus (including subsequently filed documents incorporated by reference) and those described in a Prospectus Supplement relating to a specific offering of Securities.

Discussions of certain risks affecting us in connection with our business are provided in our annual and interim disclosure documents filed with the various securities regulatory authorities which are incorporated by reference in this prospectus.

There is no market through which the Securities (other than the Common Shares) may be sold.

There is currently no market through which any of the Securities, other than the Common Shares, may be sold and the purchasers of such Securities may not be able to resell such securities purchased under this prospectus and any Prospectus Supplement. There can be no assurance that a secondary market will develop for any of the Preferred Shares or Subscription Receipts that may be issued under this prospectus or that any secondary market which does develop will continue. This may affect the pricing of such Securities in the secondary market, if any, the transparency and availability of trading prices, the liquidity of the securities and the extent of regulation of such Securities.

The public offering prices of the Securities may be determined by negotiation between the Corporation and underwriters based on several factors and may bear no relationship to the prices at which Securities will trade in the public market subsequent to such offering. See "Plan of Distribution".

Credit Ratings May Not Reflect All Risks of an Investment in the Securities and May Change

Credit ratings may not reflect all risks associated with an investment in the Preferred Shares. Any credit ratings applied to the Preferred Shares are an assessment of the Corporation's ability to pay its obligations. Consequently, real or anticipated changes in the credit ratings will generally affect the market value of the Preferred Shares. The credit ratings, however, may not reflect the potential impact of risks related to structure, market or other factors discussed herein on the value of the Preferred Shares. There is no assurance that any credit rating assigned to the Preferred Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency.

LEGAL MATTERS

Certain matters relating to the issue and sale of the Securities will be passed upon on behalf of the Corporation by Blake, Cassels & Graydon LLP, as to matters of Canadian law, and Mayer Brown LLP, as to matters of U.S. law. As to matters of Canadian law, Mayer Brown LLP will rely upon the opinion of Blake, Cassels & Graydon LLP.

EXPERTS

The consolidated financial statements of the Corporation as at December 31, 2014 and 2013 and for each of the years in the three-year period ended December 31, 2014, have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG LLP, Chartered Professional Accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

INTEREST OF EXPERTS

As at the date of this prospectus, the partners and associates of Blake, Cassels & Graydon LLP, as a group, beneficially own, directly or indirectly, less than 1% of any class of securities of the Corporation. In connection with the audit of the Corporation's annual financial statements for the year ended December 31, 2014, KPMG LLP confirmed that they are independent with respect to the Corporation within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations and also that they are independent accountants with respect to the Corporation under all relevant U.S. professional and regulatory standards.

DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT

The following documents have been or will be filed with the SEC as part of the registration statement of which this prospectus forms a part: the documents referred to under "Documents Incorporated by Reference"; consents of KPMG LLP; consent of Blake, Cassels & Graydon LLP; consent of Mayer Brown LLP; and powers of attorney from directors and officers of the Corporation.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, the accompanying prospectus supplement relating to securities purchased by a purchaser and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. In an offering of convertible, exchangeable or exercisable securities, you are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus or any prospectus supplement is limited, in certain provincial and territorial securities legislation, to the price at which convertible, exchangeable or exercisable securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon the conversion, exchange or exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF TRANSCANADA CORPORATION

Dated: December 23, 2015

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces and territories of Canada.

(Signed) RUSSELL K. GIRLING President and Chief Executive Officer	(Signed) DONALD R. MARCHAND Executive Vice-President, Corporate Development and Chief Financial Officer

On Behalf of the Board of Directors

(Signed) S. BARRY JACKSON Director	(Signed) SIIM A. VANASELJA Director

TransCanada

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