

# SECURITIES AND EXCHANGE COMMISSION

## FORM 6-K

Current report of foreign issuer pursuant to Rules 13a-16 and 15d-16 Amendments

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### FILER

#### TransCanada Trust

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# SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

## FORM 6-K

### Report of Foreign Private Issuer Pursuant to Rule 13a-16 or 15d-16 under the Securities Exchange Act of 1934

For the month of August 2016

Commission File Number: 333-212720

## TRANSCANADA TRUST

(Translation of Registrant's Name into English)

450 - 1st Street S.W., Calgary, Alberta, T2P 5H1, Canada

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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The following documents are hereby filed with the Securities and Exchange Commission for the purpose of being and hereby are incorporated by reference into Registration Statement on Form F-10 (File No. 333-212720) of TransCanada PipeLines Limited and TransCanada Trust:

1. Assignment and Set-Off Agreement, dated as of August 11, 2016, among TransCanada Trust, TransCanada PipeLines Limited, TransCanada Corporation and CST Trust Company.
2. Share Exchange Agreement, dated as of August 11, 2016, among TransCanada Trust, TransCanada PipeLines Limited and CST Trust Company.
3. TCPL Subordinated Note Purchase Agreement, dated August 11, 2016, between TransCanada Trust and TransCanada PipeLines Limited.

4. Second Supplemental Indenture, dated as of August 11, 2016, between TransCanada PipeLines Limited, TransCanada Trust and CST Trust Company, as trustee, to the Trust Indenture, dated as of May 20, 2015, between TransCanada Trust and CST Trust Company, as trustee.
5. Second Supplemental Indenture, dated as of August 11, 2016, between TransCanada PipeLines Limited and Computershare Trust Company of Canada, as trustee, to the Subordinated Notes Trust Indenture, dated as of May 20, 2015, between TransCanada PipeLines Limited and Computershare Trust Company of Canada, as trustee.

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### Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRANSCANADA TRUST, by TRANSCANADA  
PIPELINES LIMITED, in its capacity as  
Administrative Agent

Date: August 11, 2016

By: /s/ Jane M. Brindle

Name: Jane M. Brindle

Title: Assistant Secretary (Corporate  
Services Division)

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### EXHIBIT INDEX

- 4.1 Assignment and Set-Off Agreement, dated as of August 11, 2016, among TransCanada Trust, TransCanada PipeLines Limited, TransCanada Corporation and CST Trust Company.
- 4.2 Share Exchange Agreement, dated as of August 11, 2016, among TransCanada Trust, TransCanada PipeLines Limited and CST Trust Company.
- 4.3 TCPL Subordinated Note Purchase Agreement, dated August 11, 2016, between TransCanada Trust and TransCanada PipeLines Limited.
- 4.4 Second Supplemental Indenture, dated as of August 11, 2016, between TransCanada PipeLines Limited, TransCanada Trust and CST Trust Company, as trustee, to the Trust Indenture, dated as of May 20, 2015, between TransCanada Trust and CST Trust Company, as trustee.
- 4.5 Second Supplemental Indenture, dated as of August 11, 2016, between TransCanada PipeLines Limited and Computershare Trust Company of Canada, as trustee, to the Subordinated Notes Trust Indenture, dated as of May 20, 2015, between TransCanada PipeLines Limited and Computershare Trust Company of Canada, as trustee.

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**TRANSCANADA TRUST**

- and -

**TRANSCANADA PIPELINES LIMITED**

- and -

**TRANSCANADA CORPORATION**

- and -

**CST TRUST COMPANY**

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**ASSIGNMENT AND SET-OFF AGREEMENT**  
**Trust Notes – Series 2016-A**

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Dated as of August 11, 2016

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## ASSIGNMENT AND SET-OFF AGREEMENT

**ASSIGNMENT AND SET-OFF AGREEMENT** dated as of August 11, 2016,

**AMONG:** **TRANSCANADA TRUST** (the “Trust”), a unit trust established under the laws of the Province of Ontario, by its administrative agent, TransCanada PipeLines Limited;

**AND:** **TRANSCANADA PIPELINES LIMITED** (“TCPL”), a corporation existing under the laws of Canada;

**AND:** **TRANSCANADA CORPORATION** (“TCC”), a corporation existing under the laws of Canada;

**AND:** **CST TRUST COMPANY** (the “**Indenture Trustee**”), a trust company existing under the laws of Canada;

**WHEREAS**, the Trust has issued and outstanding voting trust units, all of which are owned by TCPL, and \$750,000,000 aggregate principal amount of unsecured, subordinated Trust Notes – Series 2015-A due May 20, 2075, which are part of a series of subordinated unsecured debt obligations of the Trust with an authorized principal amount of up to \$1,000,000,000 and for which it has also entered into an assignment and set-off agreement on substantially the same terms as this agreement;

**WHEREAS**, on the date hereof the Trust has issued and outstanding \$1,200,000,000 aggregate principal amount of unsecured, subordinated Trust Notes – Series 2016-A due August 15, 2076 (the “**Trust Notes – Series 2016-A**”);

**WHEREAS**, TCPL wishes to grant the Deferral Event Subscription on the terms set forth in this Agreement;

**WHEREAS**, the Indenture Trustee, for and on behalf of the Holders, has been appointed pursuant to the Trust Indenture to irrevocably commit to the Deferral Event Subscription on the terms set forth in this Agreement;

**WHEREAS**, the parties to this Agreement desire to implement procedures whereby the Trust, TCPL and the Indenture Trustee will take all actions necessary to ensure that the Deferral Event Subscription is given proper effect;

**WHEREAS**, the parties to this Agreement desire to implement procedures whereby TCPL and TCC will take all actions necessary to ensure that the Dividend Stopper Undertaking is given proper effect; and

**WHEREAS**, these recitals and any statements of fact in this Agreement are made by TCPL and the Trust and not by the Indenture Trustee;

**NOW, THEREFORE**, in consideration of the respective covenants and agreements provided in this Agreement and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties agree as follows:

## **ARTICLE 1**

### **DEFINITIONS AND INTERPRETATION**

#### **1.1 Definitions**

In this Agreement,

“**Administration Agreement**” means the agreement between the Trust and TCPL dated September 16, 2014 pursuant to which TCPL, or any successor thereto, serves as administrative agent to the Trust, as amended from time to time.

“**Administrative Agent**” has the meaning ascribed thereto in the Administration Agreement.

“**Affiliate**” means, in respect of any Person, any other Person which, directly or indirectly, is in control of, is controlled by or is under common control with such Person; provided that the Trust and TCPL and its Affiliates shall be Affiliates for so long as TCPL and/or its Affiliates hold at least a majority of the voting trust units of the Trust. For the purposes of this definition, a Person will be deemed to be “controlled by” another Person if such other Person possesses directly, or indirectly, power to direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

“**Agreement**” means this Assignment and Set-Off Agreement, including the Schedules, as amended, supplemented or restated from time to time; and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to

this Agreement in its entirety and each schedule, and not to any particular Article, section, subsection or other part of this Agreement.

“**Applicable Laws**” means the Applicable Laws as defined in Section 4.3.

“**Authorized Investments**” has the meaning ascribed thereto in the Share Exchange Agreement.

“**Automatic Exchange**” has the meaning ascribed thereto in the Share Exchange Agreement.

“**Automatic Exchange Event**” has the meaning ascribed thereto in the Share Exchange Agreement.

“**Business Day**” means a day on which TCPL, the Trust and the Indenture Trustee are open for business in the City of Calgary, Alberta, other than a Saturday, Sunday or any statutory or civic holiday in the City of Toronto, Ontario, the City of Calgary, Alberta or the City of New York, New York.

“**CBCA**” means the *Canada Business Corporations Act*.

“**Clearing Agency**” means DTC and/or any other or additional organization that performs securities transfer, settlement, clearing and/or pledge services in relation to the Trust Notes – Series 2016-A or the TCPL Exchange Preferred Shares.

“**Closing Date**” means August 11, 2016.

“**Declaration of Trust**” means the Declaration of Trust dated as of September 16, 2014 governing the Trust, as it may be amended, supplemented or restated from time to time.

“**Deferral Date**” means an Interest Payment Date in respect of which a Deferral Event has occurred and is continuing.

“**Deferral Event**” means, in respect of an Interest Payment Date, either a Missed Dividend Deferral Event or an Other Deferral Event.

“**Deferral Event Notice**” means the notice to be executed by TCPL in the form of Schedule B and delivered to the Indenture Trustee upon the occurrence of a Deferral Event.

“**Deferral Event Subscription**” means, in respect of a Deferral Event, the agreement created hereby among TCPL, each Holder of Trust Notes – Series 2016-A from time to time and the Indenture Trustee under which (i) subject to Section 3.6, TCPL undertakes to issue and transfer TCPL Deferral Preferred Shares to each Holder of Trust Notes – Series 2016-A who is entitled to receive a payment of interest on the Trust Notes – Series 2016-A on a Deferral Event, in each case in the number calculated in relation thereto in Section 3.3(a), and (ii) such Holder of Trust Notes – Series 2016-A, through the Indenture Trustee acting for and on its behalf, has irrevocably subscribed for and agreed to acquire such TCPL Deferral Preferred Shares for a purchase price equal to the Deferral Event Subscription Proceeds, in each case made and becoming effective at the times, on the basis, in the manner and subject to the terms contemplated in this Agreement.

“**Deferral Event Subscription Proceeds**” means, in respect of a Deferral Event, the subscription proceeds payable by a Holder of Trust Notes – Series 2016-A to TCPL in connection with a Deferral Event Subscription equal in the aggregate for the Holder to (i) the stated issue price of the applicable series of TCPL Deferral Preferred Shares, times (ii) the number of TCPL Deferral Preferred Shares (including fractional shares, if applicable) to be delivered to or in respect of the Holder (including for greater certainty to the Indenture Trustee if the Holder is an Ineligible Person) as calculated in relation thereto in Section 3.3(a).

“**Deferral Event Subscription Proceeds Assignment**” has the meaning ascribed thereto in Section 3.7(d).

“**Dividend Declaration Resumption Month**” means the month following the first day on which, after TCPL Deferral Preferred Shares have been issued, no TCPL Deferral Preferred Shares are outstanding, being the month in which TCPL and TCC may resume declaring dividends on the TCPL Dividend Restricted Shares and TCC Dividend Restricted Shares, respectively.

“**Dividend Restricted Period**” means the period from and including a Deferral Date to, but excluding, the first day of the applicable Dividend Declaration Resumption Month.

“**Dividend Stopper Undertaking**” means, collectively, (a) the covenants of TCPL set forth in Section 3.4(a) and (b) of this Agreement and (b) the covenants of TCC set forth in Section 3.5 of this Agreement.

“**DTC**” means the Depository Trust Company and its nominees or any successors.

“**Extraordinary Resolution**” means an extraordinary resolution passed in accordance with Article 9 of the Trust Indenture.

“**Holders**” means the registered holders, whether holding on their own account or on behalf of beneficial owners, from time to time, of Trust Notes – Series 2016-A or TCPL Deferral Preferred Shares, as applicable, or, where the context requires, all of such holders, except that for purposes

of any withholding tax, Holders shall mean beneficial owners, from time to time, of Trust Notes – Series 2016-A or TCPL Deferral Preferred Shares, as applicable, or, where the context requires, all of such beneficial owners.

“**Indenture Trustee**” means CST Trust Company, in its capacity as trustee under the Trust Indenture and as bare trustee and nominee hereunder, and includes any successor trustee as may be appointed from time to time and any permitted assigns thereof.

“**Ineligible Person**” means any Person whose address is in, or whom TCPL or the Trust or the Transfer Agent has reason to believe is a resident of, any jurisdiction other than Canada or the United States, in each case to the extent that the issuance or delivery by TCPL or the Trust to such Person upon a Deferral Event, of TCPL Deferral Preferred Shares would require TCPL or the Trust to take any action to comply with securities or analogous laws of that other jurisdiction.

“**Interest Payment Date**” means, prior to and including August 15, 2026, August 15 (other than August 15, 2016) and February 15 and, starting November 15, 2026, February 15, May 15, August 15 and November 15 of each year during which any Trust Notes – Series 2016-A are outstanding thereafter, until August 15, 2076.

“**Interest Period**” means, initially, the period from and including the Closing Date to but excluding February 15, 2017 and thereafter from and including each Interest Payment Date to, but excluding, the next following Interest Payment Date.

“**Missed Dividend Deferral Event**” means the failure of TCPL, other than during a Dividend Restricted Period, to declare cash dividends on TCPL Preferred Shares, if any, consistent with TCPL’s dividend practice in effect from time to time with respect to TCPL Preferred Shares, in each case in the last 90 days preceding the commencement of the Interest Period ending on the day preceding the relevant Interest Payment Date.

“**Other Deferral Event**” means the election by TCPL, at its sole option, prior to the commencement of the Interest Period ending on the day preceding the relevant Interest Payment Date, that holders of Trust Notes – Series 2016-A apply interest paid on the Trust Notes on the relevant Interest Payment Date to acquire TCPL Deferral Preferred Shares.

“**Person**” is to be broadly interpreted and includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of a Person in such capacity.

“**Privacy Laws**” has the meaning ascribed thereto in Section 5.19.

“**Series 2016-A Indenture**” means the Trust Indenture, as supplemented by the supplemental indenture dated as of the Closing Date between the Trust, the Indenture Trustee and TCPL, providing for, *inter alia*, the creation and issuance of the Trust Notes – Series 2016-A, as the same may be amended, supplemented or restated from time to time.

“**Series 2016-A Trust Estate**” means collectively the rights and obligations of the Holders hereunder and pursuant hereto in respect of the Deferral Event Subscription, the Dividend Stopper Undertaking and the covenants of TCPL and TCC contained in this Agreement and all

money and other rights or assets that may be held from time to time by the Indenture Trustee as bare trustee and nominee pursuant to this Agreement.

“**Share Exchange Agreement**” means the Share Exchange Agreement dated the date hereof among the Trust, TCPL and the Exchange Trustee, as amended from time to time.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**TCC**” means TransCanada Corporation and its successors and assigns.

“**TCC Common Shares**” means the common shares of TCC.

“**TCC Dividend Restricted Shares**” means, collectively, any TCC Preferred Shares or, if no TCC Preferred Shares are then outstanding, the TCC Common Shares.

“**TCC Preferred Shares**” means collectively all of the preferred shares of TCC.

“**TCPL**” means TransCanada PipeLines Limited and its successors and assigns.

“**TCPL Common Shares**” means the common shares of TCPL.

“**TCPL Deferral Preferred Share Provisions**” means the series rights, privileges, restrictions and conditions attaching to TCPL Deferral Preferred Shares as set forth in Schedule A.

“**TCPL Deferral Preferred Shares**” means the first preferred shares of TCPL of each series issued to holders of Trust Notes from time to time in connection with the Deferral Event corresponding to such series, each of which series will be separately identified and provide for the TCPL Deferral Preferred Share Provisions subject to the specific terms that relate to such series.

“**TCPL Dividend Restricted Shares**” means, collectively, any TCPL Preferred Shares or, if no TCPL Preferred Shares are then outstanding, the TCPL Common Shares.

“**TCPL Exchange Preferred Shares**” means the applicable series of first preferred shares issued by TCPL following an Automatic Exchange under the Share Exchange Agreement.

“**TCPL Preferred Shares**” means collectively all of the preferred shares of TCPL (including the TCPL Exchange Preferred Shares and TCPL Deferral Preferred Shares).

“**TCPL Sub Note – Series 2016-A**” means the junior subordinated notes Series 2016-A issued by TCPL to the Trust (in an initial principal amount, on the date hereof, of \$1,200,000,000).

“**Transfer Agent**” means the transfer agent from time to time for TCPL Deferral Preferred Shares.

“**Trust Indenture**” means the Trust Indenture dated as of the May 20, 2015 and entered into between the Trust and the Indenture Trustee, as it may be amended, supplemented or restated from time to time.

“**Trust Notes**” means the Trust Notes – Series 2016-A and any other instruments representing subordinated unsecured debt obligations of the Trust as may be issued and outstanding under the Series 2016-A Indenture from time to time.

“**Trust Notes - Series 2016-A**” has the meaning ascribed thereto in the recitals to this Agreement.

“**Trust Notes – Series 2016-A Provisions**” means the rights, privileges, restrictions and conditions attaching to the Trust Notes – Series 2016-A, as set forth in the Series 2016-A Indenture.

“**Trustee**” means Valiant Trust Company, the trustee of the Trust, and includes any successor to it which may become trustee of the Trust in accordance with Section 7.4 of the Declaration of Trust.

## 1.2 Additional Definitions

In addition, unless the context otherwise requires, the definitions in the Declaration of Trust and the Series 2016-A Indenture apply to this Agreement.

## 1.3 Headings

The division of this Agreement into Articles, Sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## 1.4 Extended Meanings

In this Agreement words importing the singular number only shall include the plural and *vice versa*, and words importing gender include all genders.

## **1.5 Date of Any Action**

If any date on which any action is required to be taken under this Agreement is not a Business Day, such action will be required to be taken on the next succeeding Business Day.

## **1.6 Payments**

All payments to be made hereunder shall be made without interest and less any tax required by law to be deducted and withheld as provided under Section 5.16.

## **1.7 References to Statutes**

Unless expressly stated otherwise, a reference to any statute shall be deemed to be a reference to that statute as in force from time to time, including any regulations, rules, policy statements, instruments or guidelines made under that statute, and to include any statute which may be enacted in substitution of that statute.

## **1.8 Currency References**

All references to dollar (\$) amounts shall, unless otherwise expressly indicated herein, be to United States dollars.

## **1.9 Rights of Set-Off**

Each party may set-off against amounts owing by it hereunder to another Person any amounts owing or accruing due by such Person to it or any of its Affiliates, without duplication.

## **1.10 Schedules**

The following Schedules form an integral part of this Agreement:

- Schedule A - TCPL Deferral Preferred Share Provisions; and
- Schedule B - Deferral Event Notice

## **ARTICLE 2 TRUST**

### **2.1 Establishment of Trust**

The Indenture Trustee shall hold the Series 2016-A Trust Estate as bare trustee and nominee in order to enable the Indenture Trustee to exercise the rights and enforce the obligations thereunder, and shall hold the other rights granted in or resulting from the Indenture Trustee being a party to this Agreement in order to enable the Indenture Trustee to exercise or enforce such rights, in each case as bare trustee and nominee for and on behalf of the Holders of Trust Notes – Series 2016-A, as provided in this Agreement. Except where the context otherwise requires, all references to the Indenture Trustee hereunder shall be to the Indenture Trustee in its capacity as bare trustee and nominee for and on behalf of the Holders of Trust Notes – Series 2016-A.

## **ARTICLE 3 DEFERRAL EVENT SUBSCRIPTION**

### 3.1 Creation and Grant of the Deferral Event Subscription

- (a) TCPL hereby grants the Deferral Event Subscription together with its undertaking to, and covenants in favour of, the Indenture Trustee, as bare trustee and nominee for and on behalf of, and for the use and benefit of, the Holders of Trust Notes – Series 2016-A, to give effect to the Deferral Event Subscription in accordance with and subject to the Trust Notes – Series 2016-A Provisions and the provisions of this Agreement. TCPL hereby acknowledges receipt from the Indenture Trustee, as bare trustee and nominee for and on behalf of the Holders of Trust Notes – Series 2016-A, of good and valuable consideration for such grant and covenant and the sufficiency thereof.
- (b) The Indenture Trustee, for and on behalf of the Holders of Trust Notes – Series 2016-A, hereby grants its undertaking to, and covenants in favour of, TCPL to give effect to the Deferral Event Subscription in accordance with and subject to the Trust Notes – Series 2016-A Provisions and the provisions of this Agreement. The Indenture Trustee, for and on behalf of the Holders of Trust Notes – Series 2016-A, hereby acknowledges receipt from TCPL of good and valuable consideration for such grant and covenant and the sufficiency thereof.
- (c) During the term of the trust created under this Agreement and subject to the terms and conditions of the Trust Notes – Series 2016-A Provisions and this Agreement, the Indenture Trustee shall possess and be vested with full legal right, entitlement and ownership to the rights arising from TCPL's grant and covenant under Section 3.1(a) and the full power and authority of the Holders pursuant to and in accordance with the Trust Notes – Series 2016-A Provisions to perform the undertaking and covenant under Section 3.1(b). The Indenture Trustee shall be entitled to exercise all of the related rights, privileges and powers of, under and with respect to the grant and covenant under

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Section 3.1(a), and to give effect to and perform the grant and covenant under Section 3.1(b), provided that the Indenture Trustee shall:

- (i) hold the Deferral Event Subscription rights and the legal title thereto as bare trustee and nominee for and solely for the use and benefit of the Holders of Trust Notes – Series 2016-A and TCPL in accordance with and subject to the Trust Notes – Series 2016-A Provisions and this Agreement;
- (ii) give effect to the Deferral Event Subscription in compliance with and subject to the Trust Notes – Series 2016-A Provisions and this Agreement; and
- (iii) except as specifically authorized by this Agreement, have no power or authority to exercise or otherwise deal in or with the Deferral Event Subscription rights, and the Indenture Trustee shall not exercise any related rights for any purpose, in each case other than pursuant to this Agreement.

### 3.2 Issuance of TCPL Deferral Preferred Shares

- (a) A new series of TCPL Deferral Preferred Shares shall be issued by TCPL in respect of each Deferral Date.
- (b) TCPL shall not at any time issue TCPL Deferral Preferred Shares except in accordance with the Series 2016-A Indenture.

### 3.3 Deferral Dates

- (a) On each Deferral Date, interest payable on the Trust Notes – Series 2016-A on such Deferral Date to a particular Holder of Trust Notes – Series 2016-A shall be applied on behalf of holders of Trust Notes – Series 2016-A to acquire a new series of TCPL Deferral Preferred Shares, at a stated issue price of \$1,000 per share, in accordance with the assignment and set-off procedures set forth in Section 3.7 hereof. A new series of TCPL Deferral Preferred Shares shall be issued by TCPL in respect of each Deferral Date. The number of applicable TCPL Deferral Preferred Shares (including fractional shares, if applicable) subscribed for by a Holder of Trust Notes – Series 2016-A shall equal

(i) the amount of the interest payment on the Trust Notes – Series 2016-A that has not been paid in cash to such Holder on the Deferral Date, divided by (ii) the stated issue price of the applicable series of TCPL Deferral Preferred Shares.

- (b) Whether or not a Deferral Event has occurred in respect of a particular Interest Payment Date shall be determined by TCPL in accordance with Section 3.7 prior to the commencement of the Interest Period ending on the day immediately preceding such Interest Payment Date. There shall be no limit on the number of times that Deferral Events may occur.

### 3.4 TCPL Covenants

So long as any Trust Notes – Series 2016-A are outstanding and are held by any Person other than TCPL or its Affiliates, TCPL covenants as follows for the benefit of the Holders of Trust Notes – Series 2016-A:

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- (a) if a Deferral Event has occurred and is continuing, TCPL shall not, during the applicable Dividend Restricted Period, declare dividends of any kind on any of the TCPL Dividend Restricted Shares;
- (b) if a Deferral Event has occurred and is continuing, TCPL shall not make, and shall ensure that no subsidiary of TCPL makes, in each case during the applicable Dividend Restricted Period, any payment to holders of TCPL Dividend Restricted Shares in respect of dividends not declared or paid by TCPL (other than, for greater certainty, accrued and unpaid dividends on TCPL Deferral Preferred Shares that are redeemed) and TCPL shall not redeem any TCPL Dividend Restricted Shares other than TCPL Deferral Preferred Shares (which, for greater certainty, may be redeemed), and shall not, and shall ensure that no subsidiary shall, in each case during the applicable Dividend Restricted Period, purchase any TCPL Dividend Restricted Shares;
- (c) TCPL shall not create or issue any preferred shares of TCPL which, in the event of insolvency or winding-up of TCPL, would rank in right of payment in priority to the TCPL Deferral Preferred Shares;
- (d) prior to the issuance of any TCPL Deferral Preferred Shares in respect of a Deferral Event, TCPL shall not, without the prior approval of Holders of Trust Notes – Series 2016-A by Extraordinary Resolution, amend, delete or vary any of the rights, privileges, restrictions and conditions attaching to the TCPL Deferral Preferred Shares other than amendments, deletions or variations which do not negatively impact future holders of TCPL Deferral Preferred Shares and other than amendments that relate to the preferred shares of TCPL as a class; and
- (e) TCPL shall not assign or otherwise transfer its obligations under this Agreement, except in the case of a merger, consolidation, amalgamation or reorganization or sale of substantially all of the assets of TCPL.

### 3.5 TCC Covenants

So long as any Trust Notes – Series 2016-A are outstanding and are held by any Person other than TCC, TCPL or their Affiliates, TCC covenants as follows for the benefit of the Holders of Trust Notes – Series 2016-A:

- (a) if a Deferral Event has occurred and is continuing, TCC shall not, during the applicable Dividend Restricted Period, declare dividends of any kind on any of the TCC Dividend Restricted Shares; and
- (b) if a Deferral Event has occurred and is continuing, TCC shall not make, and shall ensure that no subsidiary of TCC makes, in each case during the applicable Dividend Restricted Period, any payment to holders of TCC Dividend Restricted Shares or TCPL Dividend Restricted Shares in respect of dividends not declared or paid on such shares (other than, for greater certainty, accrued and unpaid dividends on TCPL Deferral Preferred Shares that are redeemed) and TCC shall not redeem any TCC Dividend Restricted Shares and shall not, and shall ensure that no subsidiary of TCC shall, in each case during the applicable Dividend Restricted Period, purchase any TCC Dividend Restricted Shares or TCPL Dividend Restricted Shares.

### 3.6 Ineligible Persons

As set out in the Series 2016-A Indenture, upon a Deferral Event, TCPL reserves the right not to issue TCPL Deferral Preferred Shares to any Ineligible Person. In those circumstances, TCPL will issue to the Indenture Trustee, and the Indenture Trustee will hold, all TCPL Deferral Preferred Shares that would otherwise be delivered to Ineligible Persons, and the Indenture Trustee will deliver such shares to a broker retained by TCPL for the purpose of effecting the sale (to Persons other than TCPL, its Affiliates and other Ineligible Persons) of such shares on behalf of such Ineligible Persons. Such sales, if any, may be made at any time and at any price and none of the Trust, the Indenture Trustee or TCPL will be subject to any liability for failing to sell such TCPL Deferral Preferred Shares on behalf of any such Ineligible Persons or at any particular price on any particular day. The net proceeds received by the Indenture Trustee from the sale of any such TCPL Deferral Preferred Shares will be divided among the Ineligible Persons in proportion to the number of TCPL Deferral Preferred Shares (including fractional shares, if applicable) that would otherwise have been delivered to them, after deducting the costs of sale and any applicable withholding taxes. The Indenture Trustee shall make payment of the aggregate net proceeds to the Clearing Agency (if the Trust Notes – Series 2016-A are then held in the Book-Entry System) or to the registrar and transfer agent (in all other cases) for distribution to such Ineligible Persons in accordance with customary practices and procedures of the Clearing Agency, or otherwise.

### 3.7 Assignment, Set-Off and Related Procedures

In connection with the occurrence of any Deferral Event, and in respect of the related Deferral Date, the following provisions shall apply:

- (a) TCPL shall notify the Indenture Trustee and the Trust at least 5 Business Days prior to the Interest Payment Date on which the Deferral Event will or is expected to occur and be continuing;
- (b) the Trust shall calculate the sum of all of the Deferral Event Subscription Proceeds in respect of each related Deferral Event Subscription for all Holders of Trust Notes – Series 2016-A (for greater certainty, regardless of whether they are Ineligible Persons as of the Deferral Date), and the Trust shall advise the Indenture Trustee of such aggregate amount;
- (c) as a precondition to the delivery of any certificate or other evidence of issuance representing any TCPL Deferral Preferred Shares or related rights following a Deferral Event, TCPL may require the Trust to obtain from any Holder of Trust Notes – Series 2016-A (and persons holding Trust Notes – Series 2016-A represented by such Holder of Trust Notes – Series 2016-A) a declaration, in form and substance satisfactory to TCPL, confirming compliance with any applicable regulatory requirements to establish that such Holder of Trust Notes – Series 2016-A is not, and does not represent, an Ineligible Person;
- (d) TCPL hereby assigns, transfers and conveys to the Trust all of its right, title and interest in the Deferral Event Subscription Proceeds in respect of such Deferral Date payable to TCPL in connection with the Deferral Event Subscription in respect of such Deferral Date (the “**Deferral Event Subscription Proceeds Assignment**”);
- (e) the interest payable to the Trust by TCPL on such Deferral Date pursuant to the TCPL Sub Note – Series 2016-A shall be and be deemed to have been satisfied to the extent of an amount equal to the aggregate Deferral Event Subscription Proceeds payable by the

Holders of Trust Notes – Series 2016-A in connection with the TCPL Deferral Preferred Shares to be issued on such Deferral Date pursuant to the Deferral Event Subscription Proceeds Assignment and TCPL shall only be required to

pay cash to the Trust in an amount equal to the excess of the interest payable by TCPL pursuant to the TCPL Sub Note – Series 2016-A on such Deferral Date over the amount of such Deferral Event Subscription Proceeds;

- (f) the Indenture Trustee, on behalf of Holders of Trust Notes – Series 2016-A, hereby agrees, without any further action being required by the Holders of Trust Notes – Series 2016-A, the Trust or TCPL, that the right of the Holders of Trust Notes – Series 2016-A to receive interest thereon in respect of such Deferral Date shall automatically be set off against the obligation of the Holders of Trust Notes – Series 2016-A to pay the cash subscription price for the Deferral Preferred Shares to the Trust corresponding to the applicable Deferral Event Subscription Proceeds, and the Holders of Trust Notes – Series 2016-A shall not be required to pay such subscription prices in cash; and
- (g) for greater certainty, the parties agree that on each Deferral Date the application and effect of paragraphs (d), (e) and (f) of this Section 3.7 shall, for all purposes, constitute the satisfaction in full to the extent contemplated of the following obligations following the occurrence of a Deferral Event: (i) TCPL's obligation to make the payments to the Trust under the TCPL Sub Note – Series 2016-A in accordance with the terms thereof in respect of such Deferral Date; (ii) the Trust's obligation to pay interest payable on the Trust Notes – Series 2016-A to the Indenture Trustee as bare trustee for and on behalf of the Holders of the Trust Notes – Series 2016-A in respect of such Deferral Date; (iii) the Indenture Trustee's obligation as bare trustee for and on behalf of the Holders of the Trust Notes – Series 2016-A to pay the interest received from the Trust to the Holders of the Trust Notes – Series 2016-A in respect of such Deferral Date; (iv) the Indenture Trustee's obligation to exercise as bare trustee for and on behalf of the Holders of the Trust Notes – Series 2016-A the Deferral Event Subscription right and acquire as bare trustee for and on behalf of the Holders of the Trust Notes – Series 2016-A the TCPL Deferral Preferred Shares in respect of such Deferral Date; and (v) acknowledged receipt from TCPL that the TCPL Deferral Preferred Shares issuable pursuant to the Deferral Event Subscription have been fully paid for; provided, however, that TCPL's obligation to issue the TCPL Deferral Preferred Shares to the Holders of the Trust Notes – Series 2016-A shall not be satisfied in full until such time as TCPL has issued such TCPL Deferral Preferred Shares to the Holders of Trust Notes – Series 2016-A in accordance with the terms hereof.
- (h) TCPL shall promptly create, issue and (subject to Section 4.3) distribute such number of TCPL Deferral Preferred Shares (including fractional shares, if applicable), with a stated issue price of \$1,000 per share, as are issuable pursuant to the Deferral Event Subscription;
- (i) TCPL shall transfer and deliver to each Holder of Trust Notes – Series 2016-A who has not been identified by the Trust as an Ineligible Person pursuant to paragraph (c), from among the TCPL Deferral Preferred Shares issued in accordance with paragraph (h), a number of TCPL Deferral Preferred Shares (including fractional shares, if applicable) calculated in respect of the Holder by dividing (x) the interest amount payable in respect of such Holder's Trust Notes – Series 2016-A on the applicable Deferral Date, by (y) the stated issue amount of the Deferral Preferred Share issued by TCPL; and

- (j) TCPL shall transfer and deliver to the Indenture Trustee, in respect of each Holder of Trust Notes – Series 2016-A who has been identified by the Trust as an Ineligible Person pursuant to paragraph (c), from among the TCPL Deferral Preferred Shares issued in accordance with clause (h), a number of TCPL Deferral Preferred Shares (including fractional shares, if applicable) calculated in respect of the Holder by dividing (x) the interest amount payable in respect of such Holder's Trust Notes – Series 2016-A on the applicable Deferral Date, by (y) the stated issue amount of the Deferral Preferred Share issued by TCPL, and the Indenture Trustee shall sell such Deferral Preferred Shares and distribute the net proceeds thereof as contemplated in Section 3.6.

This Section 3.7 shall constitute the irrevocable and unconditional authority, consent and direction by each Holder of the Trust Notes – Series 2016-A to the Indenture Trustee to agree to the provisions contained in this Section 3.7 and shall constitute good and sufficient authority for the Indenture Trustee to act in accordance herewith without any requirement for notice or further action on the part of any such Holder.

### 3.8 Delivery Mechanics

Promptly upon the occurrence of a Deferral Event, TCPL shall provide the Trustee with an executed Deferral Event Notice. On the Deferral Date to which the Deferral Event Notice relates, TCPL shall issue the aggregate number of TCPL Deferral Preferred Shares (including fractional shares, if applicable) upon payment of the subscription price in accordance with Section 3.7. If the Trust Notes – Series 2016-A are then held in the Book-Entry System of the Clearing Agency, TCPL shall deliver to the Clearing Agency a global certificate representing the TCPL Deferral Preferred Shares, registered in the name of the Clearing Agency or its designated nominee as the Clearing Agency may direct for credit to the accounts of participants in the Clearing Agency’s Book-Entry System holding Trust Notes – Series 2016-A, as at the Deferral Date in respect of which the Deferral Event Notice was delivered, in accordance with their respective interests therein. In the event that the Trust Notes – Series 2016-A are then held in definitive registered form through physical certificates, TCPL shall promptly arrange for delivery to those Persons who were Holders of Trust Notes – Series 2016-A as at the close of business on the relevant Deferral Date of physical certificates representing the requisite number of such TCPL Deferral Preferred Shares at the last address of such Holders as shown on the register for the Trust Notes - Series 2016-A.

## **ARTICLE 4**

### **COVENANTS, REPRESENTATIONS AND WARRANTIES**

#### **4.1 Certain Representations**

TCPL hereby represents, warrants and covenants that it has: (i) authorized for issuance and will, at all times, keep available, free from pre-emptive and other rights, out of its authorized and unissued share capital, such number of TCPL Deferral Preferred Shares as may be required to enable TCPL to meet its obligations hereunder; and (ii) taken all necessary corporate action to enable TCPL to issue TCPL Deferral Preferred Shares in connection with the Deferral Events.

#### **4.2 Notification of Certain Events**

In order to assist TCPL and the Indenture Trustee to comply with their respective obligations hereunder, the Trust shall give TCPL and the Indenture Trustee notice of each of the following events at the times set forth below:

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- (a) any determination by the Trust to institute voluntary termination proceedings with respect to the Trust or to effect any other distribution of the assets of the Trust among its security holders for the purpose of winding-up its affairs, at least 60 days prior to the proposed effective date of such termination;
- (b) immediately, upon the earlier of: (i) receipt by the Trust of notice of; and (ii) the Trust otherwise becoming aware of, any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary termination of the Trust or to effect any other distribution of the assets of the Trust among its security holders for the purpose of winding-up its affairs;
- (c) immediately upon any failure by the Trust to pay all or any part of the interest on the Trust Notes – Series 2016-A on any Interest Payment Date; and
- (d) immediately upon the Trust making any determination to exercise any rights to redeem Trust Notes – Series 2016-A.

#### **4.3 Qualification of TCPL Deferral Preferred Shares**

TCPL covenants that if any TCPL Deferral Preferred Shares to be issued and delivered hereunder or pursuant to the TCPL Deferral Preferred Share Provisions or the Trust Notes – Series 2016-A Provisions require registration or qualification with or approval of or the filing of any document, including any prospectus or similar document, or the taking of any proceeding with or the obtaining of any order, ruling, approval or consent from any governmental or regulatory authority under any Canadian or United States federal or provincial or state, as applicable, law or regulation or pursuant to the rules and regulations of any Canadian or United States regulatory

authority or the fulfilment of any other legal requirement (collectively, the “**Applicable Laws**”) before such TCPL Deferral Preferred Shares may be issued and delivered by TCPL to the Holders in connection with a Deferral Event, or in order that such TCPL Deferral Preferred Shares may be freely traded thereafter (except for any restrictions on ownership or transfer by reason of any Holder of TCPL Deferral Preferred Shares being a “control person” of TCPL for purposes of Canadian securities laws or by reason of any TCPL Deferral Preferred Shares being “control securities” for the purposes of United States securities laws), TCPL shall, in good faith, expeditiously take all such actions and do all such things as are necessary to cause such TCPL Deferral Preferred Shares to be duly registered, qualified or approved as and to the extent required for such purpose pursuant to Applicable Laws. TCPL represents and warrants that it has taken all actions and done all things as are necessary under Applicable Laws as they exist on the date hereof to cause the TCPL Deferral Preferred Shares to be issued and delivered in accordance with the provisions of this Agreement, the TCPL Deferral Preferred Share Provisions and the Trust Notes – Series 2016-A Provisions and to be freely tradable thereafter by the initial holder thereof, subject to the exceptions referred to above in this Section 4.3; provided, however, that a failure to take such actions or to do such things shall not affect, reduce or modify in any way the effectiveness of the Deferral Event Subscription as of the Deferral Date.

#### **4.4 TCPL Support**

So long as any Trust Notes – Series 2016-A or TCPL Deferral Preferred Shares are outstanding, TCPL shall perform all of the obligations to be performed by it hereunder in connection with the TCPL Deferral Preferred Share Provisions and the Deferral Event Subscription, as applicable, and shall exercise all of its rights with respect thereto in accordance with the Declaration of Trust, the Trust Indenture and the terms of this Agreement. All TCPL Deferral Preferred Shares issued to Holders of Trust Notes – Series 2016-A, pursuant to the Deferral Event Subscription shall be duly issued as fully paid and non-assessable shares in the capital of TCPL, free of pre-emptive rights and shall be free and clear of any lien,

claim, encumbrance, security interest or adverse claim. Without limiting the generality of the immediately preceding sentence, TCPL covenants that it shall, in a timely manner, transfer or arrange to transfer to such account in the Book-Entry System as the Indenture Trustee may direct, from time to time, the appropriate number of TCPL Deferral Preferred Shares (including fractional shares, if applicable), and supply the Indenture Trustee with duly executed share certificates, as applicable, so as to enable the exercise, from time to time, of the Deferral Event Subscription or the TCPL Deferral Preferred Share Provisions, as the case may be, in accordance with the Trust Notes – Series 2016-A Provisions, the TCPL Deferral Preferred Share Provisions and the provisions of this Agreement.

#### **4.5 Capital Reorganizations and Amalgamations of TCPL**

In the event of a capital reorganization, consolidation, merger or amalgamation or sale of substantially all of the assets of TCPL or comparable transaction affecting the TCPL Deferral Preferred Shares, TCPL covenants to take all necessary action to ensure that the Indenture Trustee or Holders of Trust Notes – Series 2016-A, as the case may be, receive, pursuant to the Deferral Event Subscription, after such capital reorganization, consolidation, merger, amalgamation, sale of substantially all assets or comparable transaction, the number of TCPL Deferral Preferred Shares (including fractional shares, if applicable) or other securities or consideration of TCPL or an entity resulting, surviving or continuing from the capital reorganization, consolidation, merger, amalgamation, sale of substantially all assets or comparable transaction that the Indenture Trustee or such Holders of Trust Notes – Series 2016-A would have received if the Deferral Event occurred immediately prior to the record date of the capital reorganization, consolidation, merger, amalgamation, sale of substantially all assets or comparable transaction.

### **ARTICLE 5 INDENTURE TRUSTEE**

#### **5.1 Powers and Duties of Indenture Trustee**

In addition to and without limiting the Trust Indenture, the rights, powers, duties and authorities of the Indenture Trustee under this Agreement, in its capacity as Indenture Trustee, are as follows:

- (a) receiving and holding each Deferral Event Subscription and TCPL's undertaking and covenant in relation to each Deferral Event Subscription as bare trustee and nominee and effecting the Holders' undertaking and covenant in relation to each Deferral Event Subscription for and on behalf of each applicable Holder, in each case in accordance with the provisions of this Agreement;
- (b) acting for and on behalf of the Holders of Trust Notes – Series 2016-A to implement and give effect to the undertaking and covenant of the Holders with respect to the Deferral Event Subscription;
- (c) enforcing the benefit of and giving effect to the Deferral Event Subscription rights in accordance with the Trust Notes – Series 2016-A Provisions and this Agreement and, in connection therewith, distributing or causing to be distributed to the applicable Holders TCPL Deferral Preferred Shares and cheques, if any, to which such Holders may become entitled hereunder in connection with a Deferral Event;
- (d) holding and administering the Series 2016-A Trust Estate in accordance with the terms of this Agreement;

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- (e) investing any money forming, from time to time, part of the Series 2016-A Trust Estate as provided in this Agreement;
- (f) subject to this Article 5, taking action at the direction of any Holder to enforce the obligations of the Trust or TCPL under this Agreement; and
- (g) taking such other actions and doing such other things as are specifically provided for in this Agreement.

In the exercise of such rights, powers, duties and authorities, the Indenture Trustee shall have (and is granted) such incidental and additional rights, powers and authority not in conflict with any of the provisions of this Agreement, the Trust Notes – Series 2016-A Provisions and the TCPL Deferral Preferred Share Provisions relating to the Indenture Trustee as are reasonably required for the Indenture Trustee to carry out its duties under this Agreement. Any exercise of such discretionary rights, powers and authorities by the Indenture Trustee shall be final, conclusive and binding upon all Persons. For greater certainty, with respect to the Trust Notes – Series 2016-A and the TCPL Deferral Preferred Shares, the Indenture Trustee shall have only those duties as are set out specifically in this Agreement. The Indenture Trustee, in exercising its rights, powers, duties and authorities hereunder, shall act honestly and in good faith with a view to the best interests of the Holders and shall exercise the care, diligence and skill that a reasonably prudent trustee, nominee and agent would exercise in comparable circumstances. The Indenture Trustee shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall be specifically required to do so under the terms hereof; nor shall the Indenture Trustee be required to take any notice of, or to do or to take any act, action or proceeding as a result of any default or breach of any provision hereunder, unless and until notified in writing of such default or breach, which notice shall specify the default or breach desired to be brought to the attention of the Indenture Trustee and in the absence of such notice the Indenture Trustee may for all purposes of this Agreement conclusively assume that no default or breach has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained in this Agreement.

## **5.2 No Conflict of Interest**

The Indenture Trustee represents to the Trust and TCPL that, at the date of execution and delivery of this Agreement, there exists no material conflict of interest in the role of the Indenture Trustee as a fiduciary hereunder. The Indenture Trustee shall, within 90 days after it becomes aware that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Article 8. If, notwithstanding the foregoing provisions of this Section 5.2, the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing

provisions of this Section 5.2, any interested party may apply to the Superior Court of Justice (Ontario) for an order that the Indenture Trustee be replaced as bare trustee and nominee under this Agreement.

### **5.3 Dealings with Transfer Agents, Registrars and the Clearing Agency**

In addition to and without limiting the Trust Indenture, the Trust and TCPL severally and irrevocably authorize the Indenture Trustee, from time to time, to:

- (a) consult, communicate and otherwise deal with the Trustee and the respective registrars and transfer agents, and any such subsequent registrar or transfer agent, of the Trust Notes – Series 2016-A and TCPL Deferral Preferred Shares;

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- (b) if applicable, consult, communicate and otherwise deal with the Clearing Agency; and
- (c) requisition, from time to time, from such registrar or transfer agent or the Clearing Agency any information readily available from the records maintained by any such entity which the Indenture Trustee may reasonably require for the discharge of its duties and responsibilities under the Trust Notes – Series 2016-A Provisions, the TCPL Deferral Preferred Share Provisions and this Agreement.

### **5.4 Books and Records**

The Indenture Trustee shall keep available for inspection by TCPL and the Trust, at the Indenture Trustee's principal office in Calgary, Alberta, correct and complete books and records of account relating to the Indenture Trustee's actions under this Agreement. On or before March 1 in every year, the Indenture Trustee shall transmit to TCPL and the Trust a brief report, dated as of December 31 in the immediately preceding year, with respect to: (i) the Series 2016-A Trust Estate as of that date; and (ii) all other actions taken by the Indenture Trustee in the performance of its duties under this Agreement which it had not previously reported.

### **5.5 Indemnification Prior to Certain Actions by Indenture Trustee**

Notwithstanding any other provision of this Agreement, and in addition to and without limiting the Trust Indenture, the Indenture Trustee shall only be required to exercise any or all of the rights, duties, powers or authorities vested in it by this Agreement at the written request, order or direction of any Holder upon such Holder furnishing to the Indenture Trustee reasonable funds, security and indemnity satisfactory to the Indenture Trustee, acting reasonably, against the costs, expenses and liabilities that may be incurred by the Indenture Trustee therein or thereby, provided that no Holder will be obligated to furnish to the Indenture Trustee any such funding, security or indemnity in connection with the exercise, but not the enforcement, by the Indenture Trustee of any of its rights, duties, powers and authorities vested in it by this Agreement. None of the provisions contained in this Agreement shall require the Indenture Trustee to expend or risk its own funds or otherwise incur financial liability in the exercise of any of its rights, powers, duties or authorities under this Agreement nor limits the Indenture Trustee, acting reasonably, from requesting an indemnity, before any exercise or enforcement of rights. In addition, the Indenture Trustee shall disburse funds only to the extent that funds have been deposited with it.

### **5.6 Actions by Holders**

No Holder shall have the right to institute any action, suit or proceeding or to exercise any other remedy authorized by this Agreement for the purpose of enforcing any of its rights or for the execution of any trust, power or obligation hereunder unless the Holder has requested in writing the Indenture Trustee to take or institute such action, suit or proceeding and, subject to Section 5.5, furnished the Indenture Trustee with the funding, security and indemnity referred to in Section 5.5, and the Indenture Trustee shall have failed to act within a reasonable time thereafter. In such case, but not otherwise, the Holder shall be entitled to take proceedings in any court of competent jurisdiction, it being understood and intended that no one or more Holders shall have any right in any manner

whatsoever to affect, disturb or prejudice the rights hereby created by any such action, or to enforce any right hereunder, except subject to the conditions and in the manner herein provided, and that all powers and trusts hereunder shall be exercised and all proceedings at law shall be instituted, had and maintained by the Indenture Trustee, except only as herein provided, and in any event for the benefit of all Holders.

## **5.7 Reliance upon Declarations**

Without limiting the Trust Indenture, the Indenture Trustee shall not be considered to be in contravention of any of its rights, powers, duties and authorities hereunder if, when required, it acts and relies in good faith upon written notices, statutory declarations, certificates, opinions, reports or other papers or documents furnished pursuant to the provisions hereof, the Trust Notes – Series 2016-A Provisions or the TCPL Deferral Preferred Share Provisions or required by the Indenture Trustee to be furnished to it in the exercise of its rights, powers, duties and authorities hereunder and such notices, statutory declarations, certificates, opinions, reports or other papers or documents comply with this Agreement, nor shall the Indenture Trustee be responsible for relying on the accuracy of the information contained in any such document provided it honestly and in good faith believes such information to be correct. The Indenture Trustee shall not be responsible or liable in any manner for the sufficiency, genuineness, correctness or validity of any security deposited with it.

## **5.8 Evidence and Authority to Indenture Trustee**

Without limiting the Trust Indenture, the Trust and/or TCPL shall furnish to the Indenture Trustee evidence of compliance with the conditions provided for in this Agreement relating to any action or step required or permitted to be taken by the Trust and/or TCPL or the Indenture Trustee under this Agreement, the Trust Notes – Series 2016-A Provisions, the TCPL Deferral Preferred Share Provisions or as a result of any obligation or duty imposed under this Agreement, the Trust Notes – Series 2016-A Provisions or the TCPL Deferral Preferred Share Provisions, including in respect of the Deferral Event Subscription and the taking of any other action to be taken by the Indenture Trustee, at the request of or on the application of the Trust and/or TCPL forthwith if and when:

- (a) such evidence is required by any other provision of this Agreement, the Trust Notes – Series 2016-A Provisions or the TCPL Deferral Preferred Share Provisions to be furnished to the Indenture Trustee in accordance with this Section 5.8; or
- (b) the Indenture Trustee, in the exercise of its rights, powers, duties and authorities under this Agreement, the Trust Notes – Series 2016-A Provisions or the TCPL Deferral Preferred Share Provisions, gives the Trust and/or TCPL written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence shall consist of a certificate signed by TCPL and/or by or on behalf of the Trust by an authorized signatory of the Administrative Agent or a statutory declaration stating that any such condition has been complied with in accordance with the terms of this Agreement and the Trust Notes – Series 2016-A Provisions or the TCPL Deferral Preferred Share Provisions, as applicable. Such evidence may consist of a report or opinion of any solicitor, auditor, accountant, appraiser, valuator or other expert or any other Person whose qualifications give authority to a statement made by such Person, provided that if such report or opinion is furnished by TCPL and/or by or on behalf of the Trust by an authorized signatory of the Administrative Agent it shall be in the form of a certificate or a statutory declaration. Each statutory declaration, certificate, opinion or report furnished to the Indenture Trustee as evidence of compliance with a condition provided for in this Agreement, the Trust Notes – Series 2016-A Provisions or TCPL Deferral Preferred Share Provisions, as applicable, shall include a statement by the Person giving the evidence:

- (c) declaring that such Person has read and understands the provisions of this Agreement, the Trust Notes – Series 2016-A Provisions and/or the TCPL Deferral Preferred Share Provisions, as applicable, relating to the condition in question;

- (d) describing the nature and scope of the examination or investigation upon which such Person based the statutory declaration, certificate, statement or opinion; and
- (e) declaring that such Person has made such examination or investigation as such Person believes is necessary to enable such Person to make the statements or give the opinions contained or expressed therein.

### **5.9 Experts, Advisers and Agents**

In addition to and without limiting the Trust Indenture, the Indenture Trustee may:

- (a) in relation to this Agreement, the Trust Notes – Series 2016-A Provisions and/or the TCPL Deferral Preferred Share Provisions, act and rely on the opinion or advice of, or information obtained from or prepared by, any solicitor, auditor, accountant, appraiser, valuator or other expert, whether retained by the Indenture Trustee or by the Trust and/or TCPL or otherwise, and may retain or employ such assistants as may be necessary to the proper determination and discharge of its powers, duties and obligations and the determination of its rights hereunder and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid; and
- (b) retain or employ such agents and other assistants as it may reasonably require for the proper determination and discharge of its powers and duties hereunder, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of its duties hereunder and compensation for all disbursements, costs and expenses made or incurred by it in the determination and discharge of its duties hereunder.

### **5.10 Investment of Money Held by or on behalf of Indenture Trustee**

- (a) Unless otherwise provided in this Agreement, any moneys held by or on behalf of the Indenture Trustee, which under the terms of this Agreement may or ought to be invested or which may be on deposit with the Indenture Trustee or which may be in the hands of the Indenture Trustee, may be invested and reinvested in the name or under the control of the Indenture Trustee, upon the written direction of the Trust, in Authorized Investments.
- (b) Upon receipt of a direction from the Trust, the Indenture Trustee shall invest any moneys held by it in Authorized Investments in its name in accordance with such direction. Any direction from the Trust to the Indenture Trustee shall be in writing and shall be provided to the Indenture Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Indenture Trustee after 9:00 a.m. (Toronto time) or received on a non-Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day.
- (c) In the event that the Indenture Trustee does not receive a direction or only a partial direction, the Indenture Trustee may hold cash balances constituting part or all of the funds and may, but need not, invest same in the deposits of a Canadian chartered bank; but the Indenture Trustee and its Affiliates shall not be liable to account for any profit to any parties to this Agreement or to any Person other than at a rate, if any, established from time to time by the Indenture Trustee or its Affiliates or a Canadian chartered bank.

- (d) The Indenture Trustee shall not be liable for any loss or losses realized on such investments, other than those related to the negligence, willful acts or defaults of the Indenture Trustee.

### **5.11 Indenture Trustee Not Required to Give Security**

Without limiting the Trust Indenture, the Indenture Trustee shall not be required to give any bond or security in respect of the execution of the bare trusts, rights, duties, obligations, powers and authorities of this Agreement.

#### **5.12 Indenture Trustee Not Bound to Act on Request**

Except as otherwise specifically provided for in this Agreement, and without limiting the Trust Indenture, the Indenture Trustee shall not be required to act in accordance with any direction or request of the Trust and/or TCPL until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Indenture Trustee, and the Indenture Trustee shall be empowered to act and rely upon any such copy purporting to be authenticated and believed in good faith by the Indenture Trustee to be genuine. The Indenture Trustee shall retain the right not to act and shall not be held liable for refusing to act unless it receives documentation which complies with the terms of this Agreement. Such documentation must not require the exercise of any discretion or independent judgment, except as otherwise provided herein.

#### **5.13 Authority to Carry on Business**

The Indenture Trustee represents to the Trust and/or TCPL that, at the date of execution and delivery by it of this Agreement, it is authorized to carry on the business of a trust company in the Province of Ontario but if, notwithstanding the provisions of this Section 5.13, it ceases to be so authorized to carry on business, the validity and enforceability of this Agreement, and the other rights granted in or resulting from the Indenture Trustee being a party to this Agreement, shall not be affected in any manner whatsoever by reason only of such event, but the Indenture Trustee shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in the Province of Ontario, either become so authorized or resign in the manner and with the effect specified in Article 8.

#### **5.14 Conflicting Claims**

Without limiting the Trust Indenture, if conflicting claims or demands are made or asserted with respect to any interest of any Holder in any Trust Notes – Series 2016-A or TCPL Deferral Preferred Shares, including any disagreement between the heirs, representatives, successors or assigns succeeding to all or any part of the interest of any Holder in any Trust Notes – Series 2016-A or TCPL Deferral Preferred Shares resulting in conflicting claims or demands being made in connection with such interest, then the Indenture Trustee shall be entitled, at its sole discretion, to refuse to recognize or to comply with any such claim or demand. In so refusing, the Indenture Trustee may elect not to exercise any rights subject to such conflicting claims or demands and, in so doing, the Indenture Trustee shall not be or become liable to any Person on account of such election or its failure or refusal to comply with any such conflicting claims or demands. The Indenture Trustee shall be entitled to continue to refrain from acting and to refuse to act until:

- (a) the rights of all adverse claimants or other rights subject to such conflicting claims or demands have been adjudicated by a final judgment of a court of competent jurisdiction; or

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- (b) all differences or other rights subject to such conflicting claims or demands have been conclusively settled by a valid written agreement binding on all such adverse claimants, and the Indenture Trustee shall have been furnished with an executed copy of such agreement.

If the Indenture Trustee elects to recognize any claim or comply with any demand made by any such adverse claimant, it may in its discretion require such claimant to furnish such surety bond or other security satisfactory to the Indenture Trustee as it may deem appropriate to fully indemnify it as between all conflicting claims or demands.

#### **5.15 Acceptance of Bare Trust**

The Indenture Trustee hereby accepts the bare trust and duties created and provided for by and in this Agreement and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law, in bare trust, for TCPL and the various Persons who are from time to time Holders of Trust Notes – Series 2016-A, subject to all the terms and conditions herein set forth.

#### **5.16 Withholding Tax**

TCPL or the Indenture Trustee may deduct or withhold (or such amount shall be deducted or withheld in accordance with the customary practice and procedures of the Clearing Agency) from any payment, distribution or delivery to any Holder amounts required or permitted by law to be deducted or withheld from such Holder's distribution, payment or delivery and shall remit such amounts to the relevant tax authority in the manner and within the time required by law. Where the cash component of any payment, distribution or delivery to be made to a Holder is less than the amount that TCPL or the Indenture Trustee is required or permitted to withhold, TCPL or the Indenture Trustee shall be permitted to withhold from any non-cash payment, distribution or delivery to be made to the Holder and to dispose or arrange to dispose of such property in order to remit any amount to the relevant tax authority as required. TCPL shall provide written direction to the Indenture Trustee as to such amounts to be deducted or withheld; provided, however, that the Indenture Trustee shall deduct or withhold from any Holder's distribution or delivery any amount it is required by law to deduct and withhold, and shall remit such amount to the relevant tax authority in the manner and within the time required by law, notwithstanding the failure of TCPL to provide any such direction following a request therefor from the Indenture Trustee, and in so doing the Indenture Trustee shall be deemed to have complied with its obligations hereunder. The Indenture Trustee shall file in the manner and within the time required by law any required tax returns and provide any required information slips relating to such withholding or deduction.

#### **5.17 Residency of Indenture Trustee**

The Indenture Trustee hereby represents that it is a resident of Canada for the purposes of the *Tax Act* and the Indenture Trustee shall give the Trust and TCPL notice of any change in such status.

#### **5.18 Tax Reports**

The Trust shall be solely responsible for all tax processing relating to or arising from the duties or actions contemplated by this Agreement, including any inquiry, evaluation, reporting, remittance, filing and issuance of tax slips, summaries, reports, except as is specifically delegated to the Indenture Trustee pursuant to this Agreement or as may be agreed subsequently, as confirmed in writing by the parties.

Without limiting the Trust Indenture, the Indenture Trustee shall process only such tax matters as have been specifically delegated to it pursuant to this Agreement or as may be agreed subsequently, and in doing so, the Indenture Trustee does not undertake to carry out any inquiry, evaluation, reporting, remittance, filing or issuance of tax slips, summaries and reports necessary or incidental thereto, which shall remain the sole responsibility of the Trust. The Indenture Trustee shall be entitled to rely upon and assume, without further inquiry or verification, the accuracy and completeness of any tax processing information, documentation or instructions received by the Indenture Trustee, directly or indirectly, from or on behalf of the Trust.

#### **5.19 Compliance with Privacy Legislation**

The parties acknowledge that federal, provincial and/or state legislation in Canada or the United States that address the protection of individuals' personal information (collectively, "**Privacy Laws**") may apply to obligations and activities under this Agreement. Despite any other provision of this Agreement, no party shall take or direct any action that would contravene, or cause any other party to contravene, applicable Privacy Laws. The Indenture Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Indenture Trustee agrees: (a) to have a designated chief privacy officer;

(b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Agreement and not to use it for any other purpose except with the consent of or direction from the Trust and TCPL or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

## **5.20 Compliance with Anti-Money Laundering Legislation**

The Indenture Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Indenture Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. The Trust hereby agrees that if any account to be opened, or interest to be held, by the Indenture Trustee in connection with this Agreement, for or to the credit of the Trust, is intended to be used by or on behalf of a third party, the Trust will complete and execute forthwith a declaration in the Indenture Trustee's prescribed form as to the particulars of such third party.

## **ARTICLE 6 COMPENSATION**

### **6.1 Fees and Expenses of Indenture Trustee**

The Trust and TCPL jointly and severally agree to pay to the Indenture Trustee reasonable compensation for all of the services rendered by it under this Agreement and shall reimburse the Indenture Trustee for all reasonable expenses incurred by it in connection therewith (including, but not limited to, taxes and compensation paid to experts, counsel and advisors and disbursements, including the cost and expense of any suit or litigation of any character and any proceedings before any governmental agency reasonably incurred by the Indenture Trustee); provided that the Trust and TCPL shall have no obligation to reimburse the Indenture Trustee for any expenses or disbursements paid, incurred or suffered by the Indenture Trustee in any suit or litigation in which the Indenture Trustee is determined to have acted with fraud, negligence or wilful misconduct. For administrative purposes, the Indenture Trustee may invoice TCPL unless instructed otherwise.

## **ARTICLE 7 INDEMNIFICATION AND LIMITATION OF LIABILITY**

### **7.1 Indemnification of Indenture Trustee**

In addition to and without limiting the Trust Indenture, the Trust and TCPL jointly and severally agree to indemnify and hold harmless the Indenture Trustee and each of its directors, officers, employees, representatives and agents appointed and acting in accordance with this Agreement (collectively, the "**Indemnified Parties**") against all claims, losses, damages, costs, penalties, fines, taxes, assessments of additional taxes, interest or penalties or other governmental charges, including the withholding or deduction or the failure to withhold or deduct same, any liability for failure to obtain proper certifications or to properly report to government authorities, and reasonable expenses (including reasonable expenses of the Indenture Trustee's legal counsel) which, without fraud, negligence or wilful misconduct on the part of such Indemnified Party, are paid, incurred or suffered by the Indemnified Party by reason of or as a result of the Indenture Trustee's acceptance or administration of the trust, its compliance with its duties set forth in this Agreement, or with any written or oral instructions delivered to the Indenture Trustee by the Trust or TCPL pursuant hereto (collectively, "**Claims**" and individually, a "**Claim**"). In no case will the Trust or TCPL be liable under this indemnity for any Claim if such Claim is incurred or suffered by reason of or as a result of the fraud, negligence or wilful misconduct of an Indemnified Party and unless the Trust and TCPL shall be notified by the Indenture Trustee of the written assertion of a Claim promptly after any of the Indemnified Parties shall

have received any such written assertion of a Claim or shall have been served with a summons or other first legal process giving information as to the nature and basis of the Claim, provided that a failure or delay to so notify the Trust and TCPL shall not diminish the liability of the Trust and TCPL hereunder except to the extent that the Trust and TCPL are materially prejudiced by such failure or delay. Subject to (ii) below, the Trust and TCPL shall be entitled to participate at their own expense in the defence and, if the Trust or TCPL so elect at any time after receipt of such notice, any of them may assume the defence of any suit brought to enforce any such Claim. The Indenture Trustee shall have the right to employ separate counsel in any such suit and participate in the defence thereof but the fees and expenses of such counsel shall be at the expense of the Indenture Trustee unless: (i) the employment of such counsel has been authorized by the Trust or TCPL, such authorization not to be unreasonably withheld; or (ii) the named parties to any such suit include both the Indenture Trustee and the Trust or TCPL and the Indenture Trustee shall have been advised by counsel acceptable to the Trust and TCPL that there may be one or more legal defences available to the Indenture Trustee that are different from or in addition to those available to the Trust or TCPL and that an actual or potential conflict of interest exists (in which case the Trust and TCPL shall not have the right to assume the defence of such suit on behalf of the Indenture Trustee but shall be liable to pay the reasonable fees and expenses of counsel for the Indenture Trustee). This provision shall survive the resignation or removal of the Indenture Trustee or the termination of this Agreement.

## **7.2 Limitation of Liability**

Without limiting the Trust Indenture, the Indenture Trustee shall not be held liable for any loss which may occur by reason of insolvency or termination of TCPL, the Trust or any Holder, as the case may be, or early termination of any investment under Section 5.10 or depreciation of the value of any part of the Series 2016-A Trust Estate or any loss incurred on any investment of funds pursuant to this Agreement, except to the extent that such loss is attributable to fraud, negligence or wilful misconduct on the part of the Indenture Trustee.

## **ARTICLE 8 CHANGE OF INDENTURE TRUSTEE**

### **8.1 Resignation of Indenture Trustee**

The Indenture Trustee, or any Indenture Trustee hereafter appointed, may at any time resign by giving written notice of such resignation to the Trust and TCPL specifying the date on which it desires to resign, provided that such notice shall be given in accordance with the Trust Indenture at least 60 days before such desired resignation date, unless the Trust and TCPL otherwise agree, and further provided that such resignation shall not take effect until the date of the appointment of a successor Indenture Trustee and the acceptance of such appointment by the successor Indenture Trustee, in each case in accordance with the Trust Indenture. Upon receiving such notice of resignation, the Trust and TCPL shall promptly appoint a successor Indenture Trustee in accordance with the Trust Indenture, which successor shall be a resident of Canada for the purposes of the Tax Act, by written instrument in duplicate, one copy of which shall be delivered to the resigning Indenture Trustee and one copy to the successor Indenture Trustee. Failing acceptance by a successor Indenture Trustee, a successor Indenture Trustee may be appointed in accordance with the Trust Indenture by an order of the Superior Court of Justice (Ontario) upon application of one or more of the parties hereto at the joint and several expense of the Trust and TCPL.

### **8.2 Removal of Indenture Trustee**

The Indenture Trustee, or any Indenture Trustee hereafter appointed, may be removed in accordance with the Trust Indenture: (i) with cause or if the Indenture Trustee at any time ceases to be a resident of Canada for the purposes of the *Tax Act* by written instrument executed by the Trust and TCPL; or (ii) with or without cause by the Holders of Trust Notes – Series 2016-A pursuant to an Extraordinary Resolution and, if any TCPL Deferral Preferred Shares are outstanding, by the affirmative vote of Holders of the TCPL

Deferral Preferred Shares passed in accordance with the TCPL Deferral Preferred Share Provisions (as though the removal were an amendment to the TCPL Deferral Preferred Share Provisions), in all cases, at any time on 60 days' prior written notice, which notice shall be delivered to the Indenture Trustee so removed and to the successor Indenture Trustee in accordance with the Trust Indenture.

### **8.3 Successor Indenture Trustee**

Any successor Indenture Trustee appointed in accordance with the Trust Indenture shall execute, acknowledge and deliver to the Trust and TCPL and to its predecessor Indenture Trustee an instrument accepting such appointment hereunder and under the Trust Indenture. Subject to the Trust Indenture, thereupon, the resignation or removal of the predecessor Indenture Trustee shall become effective and such successor Indenture Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor under this Agreement, with like effect as if originally named as Indenture Trustee in accordance with the Trust Indenture. However, on the written request of the Trust and TCPL or of the successor Indenture Trustee, the Indenture Trustee ceasing to act shall, upon payment of any amounts then due to it pursuant to the provisions of this Agreement, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights and powers of the Indenture Trustee so ceasing to act. In addition to and without limiting the Trust Indenture, upon the request of any such successor Indenture Trustee, the Trust and TCPL, such predecessor Indenture Trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights and powers. Without limiting the Trust Indenture, any company into which the Indenture Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting or continuing from any merger, consolidation or amalgamation to which the Indenture Trustee is a party or any company to which the Indenture Trustee may transfer all or

substantially all of its corporate trust business, shall be a successor Indenture Trustee under this Agreement, without the execution or filing of any paper or further act on the part of any of the parties hereto.

### **8.4 Notice of Successor Indenture Trustee**

Upon acceptance of appointment by a successor Indenture Trustee as provided in this Agreement, the Trust and TCPL shall cause to be mailed notice of the succession of such Indenture Trustee under this Agreement to each registered Holder. If the Trust or TCPL fails to cause such notice to be mailed within 10 days after acceptance of appointment by the successor Indenture Trustee, the successor Indenture Trustee shall cause such notice to be mailed at the expense of the Trust and TCPL.

## **ARTICLE 9 AMENDMENTS AND SUPPLEMENTAL AGREEMENTS**

### **9.1 Ministerial Amendments**

The parties to this Agreement may in writing, at any time and from time to time, without the approval of the Holders, amend, supplement or modify this Agreement for the purposes of:

- (a) adding to the covenants of any or all of the parties hereto for the protection of the Holders hereunder;
- (b) making such amendments or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions which, in the mutual opinion of the Trust, TCPL and the Indenture Trustee and their respective counsel, having in mind the best interests of the Holders as a whole, it may be expedient to make;
- (c) making such changes or corrections which, on the advice of counsel to the Trust, TCPL and the Indenture Trustee, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that each of the Trust, TCPL and their respective counsel, and the Indenture

Trustee based on the opinion of Counsel, shall be of the opinion that such changes or corrections shall not be prejudicial to the interests of the Holders as a whole; or

- (d) making any additions to, deletions from or alterations of the provisions of this Agreement which, in the opinion of the Indenture Trustee and its counsel, shall not be prejudicial to the interests of the Holders as a whole or which, in the opinion of counsel to the Trust, TCPL and the Indenture Trustee, are necessary or advisable in order to incorporate, reflect or comply with any legislation the provisions of which apply to the Trust, TCPL, the Indenture Trustee or this Agreement.

## **9.2 Meeting to Consider Amendments**

The Trust and, if applicable, TCPL, shall call a meeting or meetings of the Holders for the purpose of considering and, if thought fit, approving, with the consent of Holders of Trust Notes – Series 2016-A or registered holders of Trust Notes, as applicable in accordance with the Trust Indenture pursuant to an Extraordinary Resolution and, if any TCPL Deferral Preferred Shares are then outstanding, of the Holders of TCPL Deferral Preferred Shares in accordance with the TCPL Deferral Preferred Share Provisions (as though such action were an amendment to TCPL Deferral Preferred Share Provisions), as

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applicable, any proposed supplement, amendment or modification of this Agreement other than those referred to in Section 9.1. Any such meeting or meetings will be called and held in accordance with the Trust Indenture, TCPL Deferral Preferred Share Provisions (if applicable) and all Applicable Laws. Any supplement, amendment or modification referred to in this Section 9.2 shall be provided to the Indenture Trustee by the Trust or TCPL, as the case may be.

## **9.3 Execution of Supplemental Agreements**

No supplement or amendment to, or modification or waiver of, any of the provisions of this Agreement shall be effective unless made in writing and signed by all of the parties hereto. Subject to compliance with all Applicable Laws, the Trust, TCPL and the Indenture Trustee may, subject to the provisions hereof, and shall, when so directed by this Agreement, from time to time, execute and deliver agreements or other instruments supplemental hereto, evidencing any such supplement, amendment, modification or waiver which thereafter shall form part hereof.

# **ARTICLE 10 TERMINATION**

## **10.1 Term**

This Agreement shall continue until the earliest to occur of the following events:

- (a) no Trust Notes – Series 2016-A are outstanding and held by a Person other than TCPL or any of its Affiliates;
- (b) each of the Trustee and TCPL elects in writing to terminate this Agreement and such termination is approved by the Holders in accordance with Section 9.2; and
- (c) 21 years after the death of the last survivor of the descendants of Her Majesty Queen Elizabeth II of the United Kingdom of Great Britain and Northern Ireland living on the date of the creation of the Trust.

## **10.2 Survival of Agreement**

This Agreement shall survive any termination of the bare trust created hereby and shall continue until there are no Trust Notes – Series 2016-A outstanding and held by a Person other than TCPL or any of its Affiliates and there are no TCPL Deferral Preferred

Shares outstanding; provided, however, that the provisions of Article 6 and Article 7 shall survive any such termination of this Agreement.

## **ARTICLE 11 GENERAL**

### **11.1 Severability**

If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of this Agreement shall not, in any way, be affected or impaired thereby and this Agreement shall be carried out as nearly as possible in accordance with its original terms and conditions.

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### **11.2 Enurement**

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns and to the benefit of the Holders and their respective heirs, executors, personal representatives, successors and assigns.

### **11.3 Notices to Parties**

All notices and other communications between the parties hereunder shall be in writing and shall be deemed to have been given if delivered personally or by confirmed telecopy to the parties at the following addresses (or at such other address for such party as shall be specified in notice given hereunder):

- (a) if to TCPL:

TransCanada PipeLines Limited  
450 - 1st Street SW  
Calgary, Alberta  
T2P 5H1

Attention: Corporate Secretary  
Facsimile: (403) 920-2467

- (b) if to the Trust:

TransCanada Trust  
c/o Computershare Trust Company of Canada  
530 8 Avenue SW  
Calgary, Alberta  
T2P 3S8

Attention: Manager, Corporate Trust  
Facsimile: (403) 267-6598

- (c) if to the Indenture Trustee:

CST Trust Company  
600, the Dome Tower  
333 – 7th Avenue SW  
Calgary, Alberta  
T2P 2Z1

Attention: Director, Corporate Trust  
Facsimile: (403) 276-3916

Any notice or other communication given personally shall be deemed to have been given and received upon delivery thereof, unless given on a day that is not a Business Day in which case it shall be deemed to be given on the next following Business Day, and if given by telecopy shall be deemed to have been given and received on the date of receipt thereof unless such day is not a Business Day, in which case it shall be deemed to have been given and received upon the immediately following Business Day.

#### **11.4 Notice to Holders**

Any and all notices to be given and any documents to be sent to any Holder hereunder may be given or sent to the address of such Holder shown on the register of holders of Trust Notes – Series 2016-A or TCPL Deferral Preferred Shares, by prepaid first class mail or otherwise in any manner permitted by the Trust Notes – Series 2016-A Provisions or TCPL Deferral Preferred Share Provisions, as applicable, and shall be deemed to be received (if given or sent in such manner) at the time specified in the Trust Notes – Series 2016-A Provisions or TCPL Deferral Preferred Share Provisions.

#### **11.5 Risk of Payments by Post**

Whenever payments are to be made or documents are to be sent to any Holder by the Trust, TCPL or the Indenture Trustee, or by such Holder to the Trust, TCPL or the Indenture Trustee, the making of such payment or sending of such document through the post shall be at the risk of the Trust, TCPL or the Indenture Trustee, as applicable, in the case of payments made or documents sent by the Trust, TCPL or the Indenture Trustee, as applicable, and the Holder, in the case of payments made or documents sent by the Holder.

#### **11.6 Counterparts**

This Agreement may be executed by manual signature in counterparts, each of which shall be deemed an original and all of which, when taken together, shall be deemed to constitute one and the same instrument.

#### **11.7 Jurisdiction**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

#### **11.8 Exclusion of Contractual Liability**

In accordance with Section 7.15 of the Declaration of Trust, to the extent that this Agreement operates to create obligations of the Trustee, such obligations are not binding upon the Trustee except in its capacity as trustee of the Trust, nor shall resort be had to the property of the Trustee except in its capacity as Trustee of the Trust and only the assets of the Trust shall be so bound.

#### **11.9 Appointment of Administrative Agent**

The parties hereto acknowledge that the Trustee has appointed TCPL as Administrative Agent under the Administration Agreement and has delegated to it the powers (and TCPL has assumed the obligations) as set out in the Administration Agreement.

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**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

**TRANSCANADA TRUST  
by its Administrative Agent,  
TRANSCANADA PIPELINES LIMITED**

By: (signed) "*Joel E. Hunter*"

Name: Joel E. Hunter

Title: Vice-President, Finance and Treasurer

By: (signed) "*Christine R. Johnston*"

Name: Christine R. Johnston

Title: Vice-President, Law and Corporate Secretary

**TRANSCANADA PIPELINES LIMITED**

By: (signed) "*Joel E. Hunter*"

Name: Joel E. Hunter

Title: Vice-President, Finance and Treasurer

By: (signed) "*Christine R. Johnston*"

Name: Christine R. Johnston

Title: Vice-President, Law and Corporate Secretary

**TRANSCANADA CORPORATION**

By: (signed) "*Joel E. Hunter*"

Name: Joel E. Hunter

Title: Vice-President, Finance and Treasurer

By: (signed) "*Christine R. Johnston*"

Name: Christine R. Johnston

Title: Vice-President, Law and Corporate Secretary

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**CST TRUST COMPANY,  
as Indenture Trustee**

By: (signed) "*Nelia Andrade*"

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Name: Nelia Andrade

Title: Authorized Signatory

By: (signed) *Monica Bynoe*

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Name: Monica Bynoe

Title: Authorized Signatory

## SCHEDULE A

### TCPL DEFERRAL PREFERRED SHARE PROVISIONS

#### FIRST PREFERRED SHARES, SERIES-[•] DEFERRAL

There is hereby authorized and created a series of First Preferred Shares designated as the “First Preferred Shares, Series-[•] Deferral” (hereinafter referred to as the “**Deferral Preferred Shares, Series-[•]**”) consisting of up to [•] Deferral Preferred Shares. The Deferral Preferred Shares, Series-[•] may be issued in whole or in fractional shares, as provided below, and shall, in addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class (collectively and respectively, the “**First Preferred Shares Class Provisions**” and the “**First Preferred Shares**”), carry and be subject to the following rights, privileges, restrictions and conditions (collectively, the “**Deferral Preferred Shares, Series-[•] Provisions**”):

#### **Dividends**

1. The holders of the Deferral Preferred Shares, Series-[•] shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors out of the monies of the Corporation properly applicable to the payment of dividends, on each Dividend Payment Date, fixed cumulative preferential cash dividends equal to the quotient obtained by dividing: (x) the product obtained by multiplying \$1,000 by a rate per annum equal to the rate of interest payable by the Trust on the Trust Notes as of the Issue Date, by (y) four; provided that if an event (including a redemption) shall occur that results in accrued and unpaid dividends for a partial Dividend Period becoming payable, the dividend payable for any partial Dividend Periods shall be equal to the product obtained by multiplying the amount in (x) above by a fraction, the numerator of which is the actual number of days attributable to the partial Dividend Period and the denominator of which is 365, subject in each case to any applicable withholding tax. If on any Dividend Payment Date the dividend payable on such date is not paid in full on all of the Deferral Preferred Shares, Series-[•] then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates to be determined by the board of directors on which the Corporation shall have sufficient monies properly applicable, under the provisions of any applicable law and under the provisions of any trust indenture securing bonds, debentures or other securities of the Corporation, to the payment of the same. The holders of the Deferral Preferred Shares, Series-[•] shall not be entitled to any dividends other than or in excess of the cumulative preferential cash dividends hereinbefore provided. Payment shall be made by electronic funds transfer or by cheque of or on behalf of the Corporation payable in lawful money of the United States (less any tax required to be deducted) and payment thereof shall satisfy such dividends.

#### **Liquidation, Dissolution or Winding-Up**

2. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Deferral Preferred Shares, Series-[•] in accordance with the First Preferred Shares Class Provisions, shall be entitled to receive the amount of \$1,000 (less any amount that may have been returned to the holders of Deferral Preferred Shares, Series-[•] as a return of capital), together with an amount equal to all accrued and unpaid dividends thereon, which amount for such purposes shall be calculated as if such dividends were accruing for the period from the expiration of the last Dividend Period for which dividends thereon have been paid up to the date of such event, subject to any applicable withholding tax, the whole 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 Deferral Preferred Shares, Series-[●]. After payment to the holders of the Deferral Preferred Shares, Series-[●] of the amount so payable to them they shall not be entitled to share in any other distribution of the property or assets of the Corporation.

### **Voting Rights**

3. The holders of the Deferral Preferred Shares, Series-[●] shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation or to vote at any such meeting unless and until the Corporation from time to time shall fail to pay in the aggregate six quarterly dividends on the Deferral Preferred Shares, Series-[●] on the dates on which the same should be paid according to the terms thereof, whether or not consecutive and whether or not dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends. Thereafter each holder of Deferral Preferred Shares, Series-[●] shall be entitled to receive notice of all meetings of shareholders and attend thereat and shall be entitled, at any and all such meetings, to one vote for each Deferral Preferred Share, Series-[●] held and shall continue to be entitled to notice and so to attend and vote until such time as all arrears of dividends on any outstanding Deferral Preferred Shares, Series-[●] shall have been paid, whereupon the rights of holders of Deferral Preferred Shares, Series-[●] to receive notice of meetings and to attend thereat and vote in respect of such Deferral Preferred Shares, Series-[●] shall cease unless and until six quarterly dividends on the Deferral Preferred Shares, Series-[●] shall again be in arrears and unpaid, whereupon the holders of the Deferral Preferred Shares, Series-[●] shall again have the right to receive notice and to attend and vote as above provided and so on from time to time.

### **Purchase for Cancellation**

4. The Corporation may, at any time and from time to time, subject to the provisions of the *Canada Business Corporations Act*, and the provisions below under “Redemption” and “Restrictions on Payment of Dividends and Reduction of Junior Capital”, purchase for cancellation (if obtainable), in the manner provided in the First Preferred Shares Class Provisions, the whole or any part of the Deferral Preferred Shares, Series-[●] outstanding from time to time at any price, subject to any applicable withholding tax.

### **Redemption**

5. Subject to the provisions of the *Canada Business Corporations Act* and the provisions below under “Restrictions on Payment of Dividends and Reduction of Junior Capital” the Corporation may redeem all, or from time to time any part, of the outstanding Deferral Preferred Shares, Series-[●], without the consent of the holders of the Deferral Preferred Shares, Series-[●], on not more than 60 days and not less than 30 days prior notice, at any time by the payment of an amount in cash for each such share so redeemed of \$1,000 per share (such price being hereinafter referred to as the “**Redemption Price**”) together with an amount equal to all accrued and unpaid dividends thereon, subject to any applicable withholding tax, which amount for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last Dividend Period for which dividends thereon have been paid up to the date of such redemption.

### **Restrictions on Payment of Dividends and Reduction of Junior Capital**

6. So long as any of the Deferral Preferred Shares, Series-[●] are outstanding the Corporation shall not, without the approval of the holders of the Deferral Preferred Shares, Series-[●]:

- (a) declare any dividend (other than stock dividends on shares ranking junior to the Deferral Preferred Shares, Series-[●]) on the common shares or any shares ranking junior to the Deferral Preferred Shares, Series-[●], or
- (b) redeem, repurchase or otherwise retire any of the common shares or any other shares ranking junior to the Deferral Preferred Shares, Series-[●] (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Deferral Preferred Shares, Series-[●]).

In addition, so long as any of the Deferral Preferred Shares, Series-[•] are outstanding the Corporation shall not, without the approval of the holders of the Deferral Preferred Shares, Series-[•], redeem, repurchase or otherwise retire: (i) less than all of the Deferral Preferred Shares, Series-[•] together with any other series of Deferral Preferred Shares of the Corporation that may be outstanding; or (ii) except pursuant to any purchase obligation, sinking fund, retraction privilege, or mandatory redemption provisions attaching to any series of preferred shares of the Corporation, any other shares ranking on parity with the Deferral Preferred Shares, Series-[•] (other than another series of Deferral Preferred Shares), unless, in each case, all dividends payable on the Deferral Preferred Shares, Series-[•], and on all other shares ranking prior to or on parity with the Deferral Preferred Shares, Series-[•], have been declared and paid or set apart for payment, subject to any applicable withholding tax.

### **Fractional Shares**

7. The Deferral Preferred Shares, Series-[•] may be issued in whole or in fractional shares. Each fractional Deferral Preferred Shares, Series-[•] shall carry and be subject to the rights, privileges, restrictions and conditions (including voting rights and dividend rights) of the Deferral Preferred Shares, Series-[•] in proportion to the applicable fraction.

### **Deferral Preferred Shares, Series-[•] Definitions**

8. The following terms shall have the following respective meanings:

“**Business Day**” means a day on which the Corporation is open for business in the City of Calgary, Alberta, other than a Saturday, Sunday or any statutory or civic holiday in the City of Toronto, Ontario, the City of Calgary, Alberta or the City of New York, New York.

“**Dollars**”, “**dollars**” or the sign “\$” shall be deemed to be a reference to lawful money of the United States.

“**Dividend Payment Date**” means March 31, June 30, September 30 and December 31 of each year during which any Deferral Preferred Shares, Series-[•] are issued and outstanding.

“**Dividend Period**” means, initially, the period from and including the Issue Date to but excluding the next following Dividend Payment Date, and thereafter the period from and including each Dividend Payment Date to, but excluding, the next following Dividend Payment Date (including any partial period as contemplated in section 1, above).

“**Issue Date**” means the date on which the Deferral Preferred Shares, Series-[•] are issued.

“**Trust**” means TransCanada Trust, a unit trust established under the laws of the Province of Ontario.

“**Trust Notes**” means the Trust Notes – Series 2016-A of the Trust, representing a series of junior subordinated unsecured debt obligations, due August 15, 2076.

### **Amendments**

9. Sections 1 to 11, inclusive, of these Deferral Preferred Shares, Series-[•] Provisions may be repealed, altered, modified, amended or amplified only with the sanction of the holders of the Deferral Preferred Shares, Series-[•] given as hereinafter specified in addition to any other approval required by the *Canada Business Corporations Act*.

### **Sanction by Holders of Deferral Preferred Shares, Series-[•]**

10. The sanction by holders of the Deferral Preferred Shares, Series-[•] as to any and all matters referred to herein or as to any change adversely affecting the rights or privileges of the Deferral Preferred Shares, Series-[•] may be given and shall be deemed to have

been sufficiently given if given by the holders of the Deferral Preferred Shares, Series-[•] in the manner provided in the First Preferred Shares Class Provisions with respect to the sanction of the holders of any series of the First Preferred Shares and the said provisions shall apply *mutatis mutandis*.

**Tax Election**

11. The Corporation shall elect, in the manner and within the time provided under section 191.2 of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect, to pay tax at a rate and take all other necessary action under such Act such that no holder of the Deferral Preferred Shares, Series-[•] will be required to pay tax on dividends received on the Deferral Preferred Shares, Series-[•] under section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect.

**Non-Business Days**

12. In the event that any date on which any dividend is payable by the Corporation, or any date on or by which any other action is required to be taken or determination made by the Corporation or the holders of Deferral Preferred Shares, Series-[•] hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken or determination made, on or before the next succeeding day that is a Business Day.

**SCHEDULE B**

**DEFERRAL EVENT NOTICE**

TO: **CST Trust Company** (the “**Indenture Trustee**”)

AND TO: **Valiant Trust Company** (the “**Trustee**”)

In accordance with the provisions of an Assignment and Set-Off Agreement dated August 11, 2016 (the “**Agreement**”) among TransCanada Trust, TransCanada PipeLines Limited (“**TCPL**”), TransCanada Corporation and the Indenture Trustee, TCPL hereby provides notice, pursuant to Section 3.8 of the Agreement, as to the occurrence of a “Deferral Event”, as defined in the Agreement, on **[Date]**.

DATED at Toronto this     day of     , 20     .

**TRANSCANADA PIPELINES LIMITED**

Per: \_\_\_\_\_

Name:

Title:

Per: \_\_\_\_\_

Name:

Title:

---

**TRANSCANADA TRUST**

- and -

**TRANSCANADA PIPELINES LIMITED**

- and -

**CST TRUST COMPANY**

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**SHARE EXCHANGE AGREEMENT**

**Trust Notes – Series 2016-A**

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Dated as of August 11, 2016

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## SHARE EXCHANGE AGREEMENT

**SHARE EXCHANGE AGREEMENT** dated as of August 11, 2016,

**AMONG:**                    **TRANSCANADA TRUST** (the “**Trust**”), a unit trust established under the laws of the Province of Ontario, by its administrative agent, TransCanada PipeLines Limited;

**AND:** TRANSCANADA PIPELINES LIMITED (“TCPL”), a corporation existing under the laws of Canada;

**AND:** CST TRUST COMPANY (the “Exchange Trustee”), a trust company existing under the laws of Canada;

**WHEREAS**, the Trust has issued and outstanding voting trust units (the “Voting Trust Units”), all of which are owned by TCPL, and \$750,000,000 aggregate principal amount of unsecured, subordinated Trust Notes – Series 2015-A due May 20, 2075, which are part of a series of subordinated unsecured debt obligations of the Trust with an authorized principal amount of up to \$1,000,000,000 and for which it has also entered into a share exchange agreement on substantially the same terms as this agreement;

**WHEREAS**, on the date hereof the Trust has issued and outstanding \$1,200,000,000 aggregate principal amount of unsecured, subordinated Trust Notes – Series 2016-A due August 15, 2076 (the “Trust Notes – Series 2016-A”);

**WHEREAS**, TCPL wishes to grant the Automatic Exchange to the Exchange Trustee and the Series 2016-A Subscription Right to the Trust, in each case on the terms set forth in this Agreement;

**WHEREAS**, the Exchange Trustee, for and on behalf of the Holders, has been appointed pursuant to the Trust Indenture to irrevocably commit to the Automatic Exchange on the terms set forth in this Agreement;

**WHEREAS**, the parties to this Agreement desire to implement procedures whereby the Trust, TCPL and the Exchange Trustee will take all actions necessary to ensure that the Automatic Exchange and the Series 2016-A Subscription Right are given full and proper effect; and

**WHEREAS**, these recitals and any statements of fact in this Agreement are made by TCPL and the Trust and not by the Exchange Trustee;

**NOW, THEREFORE**, in consideration of the respective covenants and agreements provided in this Agreement and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties agree as follows:

## **ARTICLE 1 DEFINITIONS AND INTERPRETATION**

### **1.1 Definitions**

In this Agreement,

“**Administration Agreement**” means the agreement between the Trustee and TCPL dated September 16, 2014 pursuant to which TCPL, or any successor thereto, serves as administrative agent to the Trust, as amended from time to time.

“**Administrative Agent**” has the meaning ascribed thereto in the Administration Agreement.

“**Affiliate**” means, in respect of any Person, any other Person which, directly or indirectly, is in control of, is controlled by or is under common control with such Person; provided that the Trust and

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TCPL and its Affiliates shall be Affiliates for so long as TCPL and/or its Affiliates hold at least a majority of the voting trust units of the Trust. For the purposes of this definition, a Person will be deemed to be “controlled by” another Person if such other Person possesses directly, or indirectly, power to direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

“**Agreement**” means this Share Exchange Agreement, including Schedule A, as amended, supplemented or restated from time to time; and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this

Agreement in its entirety and each schedule, and not to any particular Article, section, subsection or other part of this Agreement.

“**Applicable Laws**” means the Applicable Laws as defined in Section 5.3.

“**Assignment and Set-Off Agreement**” means the Assignment and Set-Off Agreement dated the date hereof among the Trust, TCPL, TransCanada Corporation and the Indenture Trustee, as bare trustee and nominee on behalf of holders of Trust Notes, as amended from time to time.

“**Authorized Investments**” has the meaning ascribed thereto in the Trust Indenture.

“**Authorized Officer**” means any director or officer of TCPL, or a designated representative of TCPL designated in writing by any director or officer of TCPL.

“**Automatic Exchange**” means the automatic exchange of the Trust Notes – Series 2016-A for the right to be issued newly issued TCPL Exchange Preferred Shares upon the occurrence of an Automatic Exchange Event.

“**Automatic Exchange Event**” means an event giving rise to the Automatic Exchange, being the occurrence of any one of the following: (i) the making by TCC or TCPL of a general assignment for the benefit of its creditors or a proposal (or the filing of a notice of its intention to do so) under the *Bankruptcy and Insolvency Act* (Canada), (ii) any proceeding instituted by TCC or TCPL seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency or reorganization, or seeking the entry of an order for the appointment of a receiver, interim receiver, trustee or other similar official for TCC or TCPL or any substantial part of its property and assets in circumstances where TCC or TCPL, as applicable, is adjudged a bankrupt or insolvent, (iii) a receiver, interim receiver, trustee or other similar official is appointed over TCC or TCPL or for any substantial part of its property and assets by a court of competent jurisdiction in circumstances where TCC or TCPL, as applicable, is adjudged a bankrupt or insolvent; or (iv) any proceeding is instituted against TCC or TCPL seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency or reorganization, or seeking the entry of an order for the appointment of a receiver, interim receiver, trustee or other similar official for TCC or TCPL or any substantial part of its property and assets in circumstances where TCC or TCPL, as applicable, is adjudged a bankrupt or insolvent, and either such proceeding has not been stayed or dismissed within sixty (60) days of the institution of any such proceeding or the actions sought in such proceedings occur (including the entry of an order for relief against TCC or TCPL or the appointment of a receiver, interim receiver, trustee, or other similar official for it or for any substantial part of its property and assets).

“**Automatic Exchange Event Notice**” has the meaning ascribed thereto in Section 3.4.

“**Book-Entry System**” has the meaning ascribed thereto in the Trust Indenture.

“**Business Day**” means a day on which TCPL, the Trust and the Indenture Trustee are open for business in the City of Calgary, Alberta, other than a Saturday, Sunday or any statutory or civic

holiday in the City of Toronto, Ontario, the City of Calgary, Alberta or the City of New York, New York.

“**BCA**” means the *Canada Business Corporations Act*.

“**Clearing Agency**” means the Depository Trust Company and its nominee or any successors and/or any other or additional organization that performs securities transfer, settlement, clearing and/or pledge services in relation to the Trust Notes – Series 2016-A or the TCPL Exchange Preferred Shares.

“**Declaration of Trust**” means the Declaration of Trust dated as of September 16, 2014 governing the Trust, as it may be amended, supplemented or restated from time to time.

“**Exchange Notice**” has the meaning ascribed thereto in Section 3.5.

“**Exchange Trustee**” means CST Trust Company in its capacity as trustee and for and on behalf of the Holders under this Agreement, and, subject to Article 9, includes any successor Exchange Trustee and permitted assigns.

“**Extraordinary Resolution**” means an extraordinary resolution passed in accordance with Article 9 of the Trust Indenture.

“**Holders**” means the registered holders, whether holding on their own account or on behalf of beneficial owners, from time to time, of Trust Notes – Series 2016-A or TCPL Exchange Preferred Shares, as applicable, or, where the context requires, all of such holders, except that for purposes of any withholding tax, Holders shall mean beneficial owners, from time to time, of Trust Notes – Series 2016-A or TCPL Exchange Preferred Shares, as applicable, or, where the context requires, all of such beneficial owners.

“**Indenture Trustee**” means CST Trust Company, in its capacity as trustee under the Trust Indenture or such other successor trustee as may be appointed from time to time.

“**Ineligible Person**” means any Person whose address is in, or whom TCPL or the Trust or the Transfer Agent has reason to believe is a resident of, any jurisdiction other than Canada or the United States, in each case to the extent that: (i) the issuance or delivery by TCPL or the Trust to such Person of TCPL Exchange Preferred Shares following an Automatic Exchange would require TCPL or the Trust to take any action to comply with securities or analogous laws of that other jurisdiction; or (ii) withholding tax would be applicable in connection with the delivery to such Person of TCPL Exchange Preferred Shares following an Automatic Exchange.

“**Interest Payment Date**” means, prior to and including August 15, 2026, August 15 (other than August 15, 2016) and February 15 and, starting November 15, 2026, February 15, May 15, August 15 and November 15 of each year during which the Trust Notes – Series 2016-A are outstanding thereafter, until August 15, 2076.

“**Person**” is to be broadly interpreted and includes an individual, a corporation, a limited liability company, an unlimited liability company, a limited or general partnership, a trust, an unincorporated organization, a joint venture and any other organization, whether or not a legal entity, a government of a country or any political subdivision of a country or any agency or department of any such government and the executors, administrators or other legal representatives of a Person in such capacity.

“**Privacy Laws**” has the meaning ascribed thereto in Section 6.19.

“**Series 2016-A Subscription Right**” means the right granted by TCPL to the Trust to subscribe for TCPL Exchange Preferred Shares on the terms set forth in Article 4.

“**Series 2016-A Trust Estate**” means collectively the rights and obligations of the Holders hereunder and pursuant hereto in respect of the Automatic Exchange, the covenants of TCPL contained in this Agreement and all money and other rights or assets that may be held from time to time by the Exchange Trustee pursuant hereto.

“**Subscription Notice**” has the meaning ascribed thereto in Section 4.2.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**TCC**” means TransCanada Corporation and its successors and assigns.

“**TCPL**” means TransCanada PipeLines Limited and its successors and assigns.

“**TCPL Common Shares**” means the common shares of TCPL.

“**TCPL Deferral Preferred Shares**” means each series of first preferred shares issued by TCPL in connection with the Assignment and Set-Off Agreement.

“**TCPL Exchange Preferred Share Provisions**” means the rights, privileges, restrictions and conditions attaching to TCPL Exchange Preferred Shares, as set forth in Schedule A.

“**TCPL Exchange Preferred Shares**” means the applicable series of first preferred shares of TCPL authorized or to be authorized by the Board in connection herewith.

“**TCPL Preferred Shares**” means collectively all of the preferred shares of TCPL (including the TCPL Exchange Preferred Shares and TCPL Deferral Preferred Shares).

“**Time of Automatic Exchange**” has the meaning ascribed thereto in Section 3.4.

“**Transfer Agent**” means the transfer agent from time to time for TCPL Exchange Preferred Shares.

“**Trust Indenture**” means the Trust Indenture dated as of May 20, 2015, as supplemented by the second supplemental indenture dated the date hereof, and entered into between the Trust, the Indenture Trustee and TCPL providing for, *inter alia*, the creation and issuance of the Trust Notes – Series 2016-A, as the same may be amended, supplemented or restated from time to time.

“**Trust Notes**” means the Trust Notes – Series 2016-A and any other instruments representing subordinated unsecured debt obligations of the Trust as may be issued and outstanding under the Trust Indenture from time to time.

“**Trust Notes – Series 2016-A**” has the meaning ascribed thereto in the recitals to this Agreement.

“**Trust Notes – Series 2016-A Provisions**” means the rights, privileges, restrictions and conditions attaching to the Trust Notes – Series 2016-A, as set forth in the Trust Indenture.

“**Trustee**” means Valiant Trust Company, the trustee of the Trust, and includes any successor to it which may become trustee of the Trust in accordance with Section 7.4 of the Declaration of Trust.

“**Voting Trust Units**” has the meaning ascribed thereto in the recitals to this Agreement.

## 1.2 Additional Definitions

In addition, unless the context otherwise requires, the definitions in the Declaration of Trust and the Trust Indenture apply to this Agreement.

## 1.3 Headings

The division of this Agreement into Articles, Sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

**1.4 Extended Meanings**

In this Agreement words importing the singular number only shall include the plural and *vice versa*, and words importing gender include all genders.

**1.5 Date of Any Action**

If any date on which any action is required to be taken under this Agreement is not a Business Day, such action shall be required to be taken on the next succeeding Business Day.

**1.6 Payments**

All payments to be made hereunder shall be made without interest and less any tax required by law to be deducted and withheld as provided under Section 6.16.

**1.7 References to Statutes**

Unless expressly stated otherwise, a reference to any statute shall be deemed to be a reference to that statute as in force from time to time, including any regulations, rules, policy statements, instruments or guidelines made under that statute, and to include any statute which may be enacted in substitution of that statute.

**1.8 Currency References**

All references to dollar (\$) amounts shall, unless otherwise expressly indicated herein, be to United States dollars.

**1.9 Rights of Set-Off**

Each party may set-off against amounts owing by it hereunder to another Person any amounts owing or accruing due by such Person to it or any of its Affiliates, without duplication.

**1.10 Schedules**

The following Schedule forms an integral part of this Agreement:

Schedule A - TCPL Exchange Preferred Share Provisions

**ARTICLE 2  
TRUST**

**2.1 Establishment of Trust**

The Exchange Trustee shall hold the Series 2016-A Trust Estate in order to enable the Exchange Trustee to exercise the rights and enforce the obligations thereunder, and shall hold the other rights granted in or resulting from the Exchange Trustee being a party to this Agreement in order to enable the Exchange Trustee to exercise or enforce such rights, in each case as trustee for and on behalf of

the Holders of Trust Notes – Series 2016-A, as provided in this Agreement. Except where the context otherwise requires, all references to the Exchange Trustee hereunder shall be to the Exchange Trustee in its capacity as trustee for and on behalf of the Holders of Trust Notes – Series 2016-A.

### **ARTICLE 3 AUTOMATIC EXCHANGE**

#### **3.1 Creation and Grant of Automatic Exchange**

- (a) TCPL hereby grants the Automatic Exchange together with its undertaking to, and covenants in favour of, the Exchange Trustee, as trustee for and on behalf of, and for the use and benefit of, the Holders of Trust Notes – Series 2016-A, to make the Automatic Exchange effective in accordance with and subject to the Trust Notes – Series 2016-A Provisions and the provisions of this Agreement. TCPL hereby acknowledges receipt from the Exchange Trustee, as trustee for and on behalf of the Holders of Trust Notes – Series 2016-A, of good and valuable consideration for such grant, undertaking and covenant and the sufficiency thereof.
- (b) The Exchange Trustee, for and on behalf of the Holders of Trust Notes – Series 2016-A, hereby grants the Automatic Exchange together with its undertaking to, and covenants in favour of, TCPL to make the Automatic Exchange effective in accordance with and subject to the Trust Notes – Series 2016-A Provisions and the provisions of this Agreement. The Exchange Trustee, for and on behalf of the Holders of Trust Notes – Series 2016-A, hereby acknowledges receipt from TCPL of good and valuable consideration for such grant, undertaking and covenant and the sufficiency thereof.
- (c) During the term of the trust created under this Agreement and subject to the terms and conditions of the Trust Notes – Series 2016-A Provisions and this Agreement, the Exchange Trustee shall possess and be vested with full legal right, entitlement and ownership to the rights arising from TCPL's grant and covenant under Section 3.1(a) and the full power and authority of the Holders pursuant to and in accordance with the Trust Notes – Series 2016-A Provisions to perform the undertaking and covenant under Section 3.1(b). The Exchange Trustee shall be entitled to exercise all of the related rights, privileges and powers of, under and with respect to the grant and covenant under Section 3.1(a), and to give effect to and perform the grant and covenant under Section 3.1(b), provided that the Exchange Trustee shall:
  - (i) hold the Automatic Exchange rights and the legal title thereto as trustee for and solely for the use and benefit of the Holders of Trust Notes – Series 2016-A and TCPL in accordance with and subject to the Trust Notes – Series 2016-A Provisions and this Agreement;
  - (ii) make the Automatic Exchange effective in accordance with and subject to the Trust Notes – Series 2016-A Provisions and this Agreement; and

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- (iii) except as specifically authorized by this Agreement, have no power or authority to exercise or otherwise deal in or with the Automatic Exchange rights and the Exchange Trustee shall not exercise any such rights for any purpose other than pursuant to this Agreement.

#### **3.2 Limitation**

TCPL shall not at any time issue TCPL Exchange Preferred Shares except following an Automatic Exchange or pursuant to the Series 2016-A Subscription Right or in respect of any other series of Trust Notes.

#### **3.3 Automatic Exchange**

On the occurrence of an Automatic Exchange Event, whether before or after the occurrence of any Event of Default (as defined in the Indenture), each Holder of Trust Notes – Series 2016-A then outstanding shall, through the Exchange Trustee, be deemed to have

hereby automatically exchanged and transferred to TCPL all of such Holder's right, title and interest in and to the Trust Notes – Series 2016-A, including pursuant to the guarantee provided by TCPL in respect of the Trust Notes – Series 2016-A, registered in its name at a price, for each \$1,000 principal amount of Trust Notes – Series 2016-A, equal to one newly issued and fully paid TCPL Exchange Preferred Share with a stated issue price of \$1,000 per share, together with such number of TCPL Exchange Preferred Shares (including fractional shares, if applicable) calculated by dividing the amount of accrued and unpaid interest on each \$1,000 principal amount of Trust Notes – Series 2016-A from the immediately preceding Interest Payment Date to, but excluding, the date of the Automatic Exchange Event, by \$1,000. As full and final payment of such price, a Holder of Trust Notes – Series 2016-A shall receive, and be deemed to have received, as of the Time of Automatic Exchange, the right to be issued one newly issued and fully paid TCPL Exchange Preferred Share which right shall be immediately and automatically exercised as provided in this section 3.3 with a stated issue price of \$1,000 per share, together with such number of TCPL Exchange Preferred Shares (including fractional shares, if applicable) calculated by dividing the amount of accrued and unpaid interest on each \$1,000 principal amount of Trust Notes – Series 2016-A from the immediately preceding Interest Payment Date to, but excluding, the date of the Automatic Exchange Event by \$1,000, per \$1,000 principal amount of Trust Notes – Series 2016-A held by the Holder. The foregoing exchange, transfer, receipt and acceptance shall be automatically effected hereby and shall not require any conveyance, confirmation or further action on the part of the Trust, the Exchange Trustee or the Holders in order to give full and final effect to same. For greater certainty, any Trust Notes – Series 2016-A purchased or redeemed by the Trust prior to the Time of Automatic Exchange shall be deemed not to be outstanding and shall not be subject to the Automatic Exchange.

### 3.4 **Idem**

As of 8:00 a.m. (Eastern time) on the day on which an Automatic Exchange Event occurs (the “**Time of Automatic Exchange**”), each Holder of Trust Notes – Series 2016-A shall be deemed to have exchanged and transferred to TCPL all of such Holder's right, title and interest in and to the Trust Notes – Series 2016-A registered in its name and shall thereupon automatically cease to be a Holder of such Trust Notes – Series 2016-A and all rights of such Holder as a debtholder of the Trust, including pursuant to the guarantee provided by TCPL in respect of the Trust Notes – Series 2016-A, shall automatically cease, and each Holder shall thereupon and thereafter be deemed to be and for all purposes shall hereby be entitled to a right to be issued the corresponding number of TCPL Exchange Preferred Shares (including fractional shares, if applicable) contemplated in Section 3.3. TCPL shall deliver to the Exchange Trustee a written notice (the “**Automatic Exchange Event Notice**”), which shall be binding on the Holders of the Trust Notes – Series 2016-A, signed by any Authorized Officer, of the occurrence of an Automatic Exchange within 10 days after the occurrence of such event and, as soon as practicable following receipt by the Exchange Trustee from TCPL, the Exchange Trustee shall deliver notice to the Holders of Trust Notes – Series 2016-A of the occurrence of the Automatic Exchange; provided, however, that a failure to make such delivery shall not affect, reduce or modify in any way the effectiveness of the Automatic Exchange with effect as of the Time of Automatic Exchange.

### 3.5 **Procedure**

Following the occurrence of an Automatic Exchange, the Trust shall, as soon as reasonably practicable, inform TCPL and the Exchange Trustee by notice in writing (the “**Exchange Notice**”) as to the number of Trust Notes – Series 2016-A exchanged and transferred hereby. Such Exchange Notice shall specify the number of TCPL Exchange Preferred Shares (including fractional shares, if applicable) required in connection with the Automatic Exchange in accordance with the Trust Notes – Series 2016-A Provisions and shall specify whether, to the knowledge of the Trust, such Holders of Trust Notes – Series 2016-A (or Persons beneficially owning Trust Notes – Series 2016-A represented by the Holders of such Trust Notes – Series 2016-A) are Ineligible Persons. As a precondition to the delivery of any certificate or other evidence of issuance representing any TCPL Exchange Preferred Shares or related rights following an Automatic Exchange, TCPL may require the Trust to obtain from any Holder of Trust Notes – Series 2016-A (and Persons holding Trust Notes – Series 2016-A represented by such Holder of Trust Notes – Series 2016-A) a declaration, in form and substance satisfactory to TCPL, confirming compliance with any applicable regulatory requirements and to establish that such Holder of Trust Notes – Series 2016-A is not, and does not represent, an Ineligible Person. The Trustee shall be entitled to rely exclusively on the declaration of the Holder. Subject as aforesaid, TCPL shall, as soon as practicable following receipt of the Exchange Notice, arrange for

delivery to the Clearing Agency (if the Trust Notes – Series 2016-A were, on the date of the Exchange Notice, held only in the Book-Entry System) or to the Trust (in all other cases) of a certificate or other evidence of issuance representing that number of TCPL Exchange Preferred Shares (including fractional shares, if applicable) or related rights, as applicable. In no event shall TCPL be required as a consequence of an Automatic Exchange to issue a number of TCPL Exchange Preferred Shares in excess of the number contemplated in Section 3.3 or in excess of the number required to enable the Trust to fulfil its obligations in connection with the redemption of Trust Notes – Series 2016-A in the circumstances described in Article 4. For greater certainty, a failure to give any notice, make any determination or make any delivery shall not affect, reduce or modify in any way the effectiveness of the Automatic Exchange with effect as of the Time of Automatic Exchange.

## **ARTICLE 4**

### **SERIES 2016-A SUBSCRIPTION RIGHT**

#### **4.1 Grant of Series 2016-A Subscription Right**

Subject to the provisions of this Article 4, TCPL hereby grants to the Trust the right to subscribe at any time for such number of TCPL Exchange Preferred Shares (including fractional shares, if applicable) as may be necessary in order to enable the Trust to redeem, for TCPL Exchange Preferred Shares, Trust Notes – Series 2016-A, if any, that remain outstanding following the occurrence of an Automatic Exchange Event, as provided for herein and in the Trust Indenture. Such TCPL Exchange Preferred Shares shall be issued by TCPL to the Trust solely for the purpose of the Trust giving effect to a redemption of any such outstanding Trust Notes – Series 2016-A following the Automatic Exchange Event.

#### **4.2 Series 2016-A Subscription Right–Procedure**

Following the occurrence of an Automatic Exchange Event in circumstances where, for any reason, any Trust Notes – Series 2016-A remain outstanding and are not owned by TCPL or an Affiliate thereof, the Trust shall, as soon as reasonably practicable, inform TCPL and the Exchange Trustee by notice in writing (the “**Subscription Notice**”) as to such number of outstanding Trust Notes – Series 2016-A. The Subscription Notice shall specify such number of TCPL Exchange Preferred Shares (including fractional shares, if applicable) as would be required to enable the Trust to fulfil its obligations in connection with the redemption by the Trust of such number of outstanding Trust Notes – Series 2016-A in accordance with the Trust Notes – Series 2016-A Provisions and shall specify whether, to the knowledge of the Trust, such Holders of Trust Notes – Series 2016-A (or Persons holding Trust Notes – Series 2016-A represented by the Holders of such Trust Notes – Series 2016-A) are Ineligible Persons. As a precondition to the issuance of any TCPL Exchange Preferred Shares to the Trust pursuant to the exercise by the Trust of the Series 2016-A Subscription Right,

TCPL may require the Trust to obtain from any Holder of Trust Notes – Series 2016-A (and Persons holding Trust Notes – Series 2016-A represented by such Holder of Trust Notes – Series 2016-A) a declaration, in form and substance satisfactory to TCPL, confirming compliance with applicable regulatory requirements and to establish that such Holder of Trust Notes – Series 2016-A is not, and does not represent, an Ineligible Person. The Trustee shall be entitled to rely exclusively on the declaration of the Holder or the direction of a written order by TCPL, and the Trustee shall have no obligation to monitor with respect to Ineligible Persons. Subject to Section 5.7, TCPL shall, as soon as practicable following receipt of the Subscription Notice, arrange for delivery to the Clearing Agency (if the Trust Notes – Series 2016-A were, on the date of the Subscription Notice, held only in the Book-Entry System) or to the Trust (in all other cases) of that number of TCPL Exchange Preferred Shares (including fractional shares, if applicable), as applicable, so as to enable the Trust to discharge its redemption obligations in accordance with the Trust Notes – Series 2016-A Provisions.

#### **4.3 Idem**

The Trust need not give notice of redemption prior to the exercise of such right of redemption if TCPL has given an Automatic Exchange Event Notice. The redemption shall be and shall be deemed to have been effected and the consideration paid at the Time of Automatic Exchange. From and after the Time of Automatic Exchange, each Holder of Trust Notes – Series 2016-A (if any) whose Trust Notes – Series 2016-A were for any reason not exchanged for TCPL Exchange Preferred Shares by the operation of the Automatic Exchange and instead are subject to redemption by the Trust under this Agreement and in accordance with the Trust Notes – Series 2016-A Provisions, shall automatically cease to be a Holder of Trust Notes – Series 2016-A effective as of the Time of Automatic

Exchange and instead shall be entitled only to the right to be issued TCPL Exchange Preferred Shares in respect of such redemption of Trust Notes – Series 2016-A held by such Holder in accordance with the Trust Notes – Series 2016-A Provisions.

## **ARTICLE 5 COVENANTS, REPRESENTATIONS AND WARRANTIES**

### **5.1 Certain Representations**

TCPL hereby represents, warrants and covenants that it has: (i) authorized for issuance and will, at all times, keep available, free from pre-emptive and other rights, out of its authorized and unissued share capital, such number of TCPL Exchange Preferred Shares as may be required for TCPL to meet its obligations to issue TCPL Exchange Preferred Shares following the occurrence of the Automatic Exchange and in connection with the Series 2016-A Subscription Right; and (ii) taken all necessary corporate action to enable TCPL to issue TCPL Exchange Preferred Shares after the Automatic Exchange and in connection with the Series 2016-A Subscription Right.

### **5.2 Notification of Certain Events**

In order to assist TCPL and the Exchange Trustee to comply with their respective obligations hereunder, the Trust shall give TCPL and the Exchange Trustee notice of each of the following events at the times set forth below:

- (a) any determination by the Trust to institute voluntary termination proceedings with respect to the Trust or to effect any other distribution of the assets of the Trust among its security holders for the purpose of winding-up its affairs, at least 60 days prior to the proposed effective date of such termination;
- (b) immediately, upon the earlier of: (i) receipt by the Trust of notice of; and (ii) the Trust otherwise becoming aware of, any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary termination of the Trust or to effect any other distribution of the assets of the Trust among its security holders for the purpose of winding-up its affairs; and

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- (c) immediately upon the Trust making any determination to exercise any rights to redeem Trust Notes – Series 2016-A following the Automatic Exchange.

### **5.3 Qualification of TCPL Exchange Preferred Shares**

TCPL covenants that if any TCPL Exchange Preferred Shares to be issued and delivered hereunder or pursuant to the TCPL Exchange Preferred Share Provisions or the Trust Notes – Series 2016-A Provisions require registration or qualification with or approval of or the filing of any document, including any prospectus or similar document, or the taking of any proceeding with or the obtaining of any order, ruling, approval or consent from any governmental or regulatory authority under any Canadian or United States federal or provincial or state, as applicable, law or regulation or pursuant to the rules and regulations of any Canadian or United States regulatory authority or the fulfilment of any other legal requirement (collectively, the “**Applicable Laws**”) before such TCPL Exchange Preferred Shares may be issued and delivered by TCPL to the Trust, the Exchange Trustee or the Holders following the Automatic Exchange, the Series 2016-A Subscription Right or the TCPL Exchange Preferred Share Provisions, as the case may be, or in order that such TCPL Exchange Preferred Shares may be freely traded thereafter (except for any restrictions on ownership or transfer by reason of any Holder of TCPL Exchange Preferred Shares being a “control person” of TCPL for purposes of Canadian securities laws or by reason of any TCPL Exchange Preferred Shares being “control securities” for the purposes of United States securities laws), TCPL shall, in good faith, expeditiously take all such actions and do all such things as are necessary to cause such TCPL Exchange Preferred Shares to be duly registered, qualified or approved as and to the extent required for such purpose pursuant to Applicable Laws. TCPL represents and warrants that it has taken all actions and done all things as are necessary under Applicable Laws as they exist on the date hereof to cause the TCPL Exchange Preferred Shares to be issued and delivered in accordance with the provisions of this Agreement, the TCPL Exchange Preferred Share Provisions and the Trust Notes – Series 2016-A Provisions and to be freely tradable thereafter by the initial holder thereof, subject to the exceptions referred to above in this Section 5.3 provided, however, that a failure to take such

actions and/or to do such things shall not affect, reduce or modify in any way the effectiveness of the Automatic Exchange as of the Time of Automatic Exchange.

#### **5.4 TCPL Support**

So long as any Trust Notes – Series 2016-A or TCPL Exchange Preferred Shares are outstanding, TCPL shall perform all of the obligations to be performed by it hereunder following the Automatic Exchange, in connection with the Series 2016-A Subscription Right and pursuant to the TCPL Exchange Preferred Share Provisions, as applicable, and shall exercise all of its rights with respect thereto in accordance with the Declaration of Trust, the Trust Indenture and the terms of this Agreement. All TCPL Exchange Preferred Shares issued by TCPL following the Automatic Exchange or in connection with the Series 2016-A Subscription Right, as the case may be, shall be duly issued as fully paid and non-assessable shares in the capital of TCPL, free of pre-emptive rights and shall be free and clear of any lien, claim, encumbrance, security interest or adverse claim. Without limiting the generality of the immediately preceding sentence, TCPL covenants that it shall, in a timely manner, transfer or arrange to transfer to such account of the Trust or the Exchange Trustee, as the case may be, in the Book-Entry System of the Clearing Agency as the Trust or the Exchange Trustee, as the case may be, may direct, from time to time, the appropriate number of TCPL Exchange Preferred Shares (including fractional shares, if applicable), and supply the Trust or the Exchange Trustee, as the case may be, with duly executed share certificates, as applicable, so as to give effect, from time to time, to the issuance of TCPL Exchange Preferred Shares following the Automatic Exchange, in connection with the Series 2016-A Subscription Right or pursuant to the TCPL Exchange Preferred Share Provisions, as the case may be, in accordance with the Trust Notes – Series 2016-A Provisions, the TCPL Exchange Preferred Share Provisions and the provisions of this Agreement.

#### **5.5 Additional TCPL Covenants**

For so long as any Trust Notes – Series 2016-A are outstanding and are held by any Person other than TCPL or an Affiliate thereof, TCPL covenants as follows for the benefit of the Holders of Trust Notes – Series 2016-A:

- (a) all outstanding Voting Trust Units shall be held at all times, directly or indirectly, by TCPL;
- (b) TCPL shall not approve the termination of the Trust unless the Trust has sufficient funds to pay to Holders of Trust Notes – Series 2016-A the redemption price for the Trust Notes – Series 2016-A as provided in the Trust Notes – Series 2016-A Provisions, and as long as any Trust Notes – Series 2016-A are outstanding and held by any Person other than TCPL or an Affiliate thereof, TCPL shall not take any action to cause the termination of the Trust;
- (c) TCPL shall not create or issue TCPL Preferred Shares which, in the event of insolvency or winding-up of TCPL, would rank in right of payment in priority to the TCPL Exchange Preferred Shares;
- (d) if the Trust Notes – Series 2016-A have not been exchanged for rights to be issued TCPL Exchange Preferred Shares pursuant to the Automatic Exchange, TCPL shall not, without the prior consent of Holders of Trust Notes – Series 2016-A by Extraordinary Resolution, amend, delete or vary any of the rights, privileges, restrictions and conditions attaching to the TCPL Exchange Preferred Shares other than amendments, deletions or variations which do not negatively impact future holders of TCPL Exchange Preferred Shares and other than amendments that relate to the preferred shares of TCPL as a class; and
- (e) TCPL shall not assign or otherwise transfer its obligations under this Agreement except in the case of a merger, consolidation, amalgamation or reorganization or sale of substantially all of the assets of TCPL.

#### **5.6 Capital Reorganizations and Amalgamations of TCPL**

In the event of a capital reorganization, consolidation, merger or amalgamation or sale of substantially all of the assets of TCPL or comparable transaction affecting TCPL Exchange Preferred Shares, TCPL covenants to take all necessary action to ensure that the Trust or Holders of Trust Notes – Series 2016-A, as the case may be, receive, following the Automatic Exchange or in connection with the Series 2016-A Subscription Right, as the case may be, after such capital reorganization, consolidation, merger, amalgamation or sale of substantially all assets or comparable transaction, the number of TCPL Exchange Preferred Shares (including fractional shares, if applicable) or other securities or consideration of TCPL or an entity resulting, surviving or continuing from the capital reorganization,

consolidation, merger, amalgamation or sale of substantially all assets or comparable transaction that the Trust or such Holder of Trust Notes – Series 2016-A would have received if the Series 2016-A Subscription Right was exercised or if the TCPL Exchange Preferred Shares were issued following the Automatic Exchange, as the case may be, immediately prior to the record date of the capital reorganization, consolidation, merger, amalgamation or sale of substantially all assets or comparable transaction.

## **5.7 Right not to Deliver TCPL Exchange Preferred Shares**

The parties acknowledge that, as set out in the Trust Indenture, TCPL has reserved the right not to deliver TCPL Exchange Preferred Shares to any Ineligible Person following an Automatic Exchange or in connection with a redemption of the Trust Notes – Series 2016-A following an Automatic Exchange Event. In those circumstances, the Indenture Trustee will hold all TCPL Exchange Preferred Shares that would otherwise be delivered to the Ineligible Persons and will deliver such shares to a broker retained by TCPL for the purpose

of effecting the sale (to parties other than TCPL, its Affiliates or any Ineligible Persons) on behalf of such Ineligible Persons. Those sales (if any) may be made at any time and at any price and none of the Trust, the Indenture Trustee or TCPL will be subject to any liability for failing to sell such TCPL Exchange Preferred Shares on behalf of any such Ineligible Persons or at any particular price on any particular day. The net proceeds received by the Indenture Trustee from the sale of any such TCPL Exchange Preferred Shares will be divided among the Ineligible Persons in proportion to the number of TCPL Exchange Preferred Shares (including fractional shares, if applicable) that would otherwise have been delivered to them, after deducting the costs of sale and any applicable withholding taxes. The Indenture Trustee will make payment of the aggregate net proceeds to the Clearing Agency (if the TCPL Exchange Preferred Shares are then held in the Book-Entry System) or to the registrar or transfer agent (in all other cases) for distribution to such Ineligible Persons in accordance with the customary practice and procedures of the Clearing Agency or otherwise.

## **ARTICLE 6 EXCHANGE TRUSTEE**

### **6.1 Powers and Duties of Exchange Trustee**

The rights, powers, duties and authorities of the Exchange Trustee under this Agreement, in its capacity as Exchange Trustee, are as follows:

- (a) receiving and holding the Automatic Exchange and TCPL's undertaking and covenant in relation to the Automatic Exchange as trustee and effecting the Holder's related undertaking and covenant for and on behalf of each applicable Holder, in each case in accordance with the provisions of this Agreement;
- (b) acting for and on behalf of the Holders of Trust Notes – Series 2016-A to implement and make effective the undertaking and covenant of the Holders with respect to the Automatic Exchange pursuant to Section 3.3;
- (c) enforcing the benefit of and making effective the Automatic Exchange rights in accordance with the Trust Notes – Series 2016-A Provisions and this Agreement and, in connection therewith, receiving from Holders certificates representing Trust Notes – Series 2016-A and other requisite documents and distributing or causing to be distributed to such Holders TCPL Exchange Preferred Shares, and cheques, if any, to which such Holders may become entitled hereunder in connection with an Automatic Exchange;
- (d) holding and administering the Series 2016-A Trust Estate in accordance with the terms of this Agreement;
- (e) investing any money forming, from time to time, part of the Series 2016-A Trust Estate as provided in this Agreement;
- (f) subject to Article 6, taking action at the direction of any Holder to enforce the obligations of the Trust or TCPL under this Agreement; and

- (g) taking such other actions and doing such other things as are specifically provided for in this Agreement.

In the exercise of such rights, powers, duties and authorities, the Exchange Trustee shall have (and is granted) such incidental and additional rights, powers and authority not in conflict with any of the provisions of this Agreement, the Trust Notes – Series 2016-A Provisions and the TCPL Exchange Preferred Share Provisions relating to the Exchange Trustee as are reasonably required for the Exchange Trustee to carry out its duties under this Agreement. Any exercise of such discretionary rights, powers and authorities by the Exchange

Trustee shall be final, conclusive and binding upon all Persons. For greater certainty, with respect to the Trust Notes – Series 2016-A and the TCPL Exchange Preferred Shares, the Exchange Trustee shall have only those duties as are set out specifically in this Agreement. The Exchange Trustee, in exercising its rights, powers, duties and authorities hereunder, shall act honestly and in good faith with a view to the best interests of the Holders and shall exercise the care, diligence and skill that a reasonably prudent trustee, nominee and agent would exercise in comparable circumstances. The Exchange Trustee shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall be specifically required to do so under the terms hereof; nor shall the Exchange Trustee be required to take any notice of, or to do or to take any act, action or proceeding as a result of any default or breach of any provision hereunder, unless and until notified in writing of such default or breach, which notice shall specify the default or breach desired to be brought to the attention of the Exchange Trustee, and in the absence of such notice the Exchange Trustee may for all purposes of this Agreement conclusively assume that no default or breach has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained in this Agreement.

## **6.2 No Conflict of Interest**

The Exchange Trustee represents to the Trust and TCPL that, at the date of execution and delivery of this Agreement, there exists no material conflict of interest in the role of the Exchange Trustee as a fiduciary hereunder. The Exchange Trustee shall, within 90 days after it becomes aware that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Article 9. If, notwithstanding the foregoing provisions of this Section 6.2, the Exchange Trustee has such a material conflict of interest, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Exchange Trustee contravenes the foregoing provisions of this Section 6.2, any interested party may apply to the Superior Court of Justice (Ontario) for an order that the Exchange Trustee be replaced under this Agreement.

## **6.3 Dealings with Transfer Agents, Registrars and the Clearing Agency**

The Trust and TCPL severally and irrevocably authorize the Exchange Trustee, from time to time, to:

- (a) consult, communicate and otherwise deal with the Indenture Trustee and the respective registrars and transfer agents, and any such subsequent registrar or transfer agent, of the Trust Notes – Series 2016-A and TCPL Exchange Preferred Shares;
- (b) if applicable, consult, communicate and otherwise deal with the Clearing Agency; and
- (c) requisition, from time to time, from the Indenture Trustee or any such registrar or transfer agent or the Clearing Agency any information readily available from the records maintained by any such entity which the Exchange Trustee may reasonably require for the discharge of its duties and responsibilities under the Trust Notes – Series 2016-A Provisions, the TCPL Exchange Preferred Share Provisions and this Agreement.

## **6.4 Books and Records**

The Exchange Trustee shall keep available for inspection by TCPL and the Trust, at the Exchange Trustee's principal office in Calgary, Alberta, correct and complete books and records of account relating to the Exchange Trustee's actions under this Agreement. On or before March 1 in every year, the Exchange Trustee shall transmit to TCPL and the Trust a brief report, dated as of December 31 in the immediately preceding year, with respect to: (i) the Series 2016-A Trust Estate as of that date; and (ii) all other actions taken by the Exchange Trustee in the performance of its duties under this Agreement which it had not previously reported.

#### **6.5 Indemnification Prior to Certain Actions by Exchange Trustee**

Notwithstanding any other provision of this Agreement, the Exchange Trustee shall only be required to exercise any or all of the rights, duties, powers or authorities vested in it by this Agreement at the written request, order or direction of any Holder upon such Holder furnishing to the Exchange Trustee reasonable funds, security and indemnity satisfactory to the Exchange Trustee, acting reasonably, against the costs, expenses and liabilities that may be incurred by the Exchange Trustee therein or thereby, provided that no Holder will be obligated to furnish to the Exchange Trustee any such funding, security or indemnity in connection with the exercise, but not the enforcement, by the Exchange Trustee of any of its rights, duties, powers and authorities vested in it by this Agreement. None of the provisions contained in this Agreement shall require the Exchange Trustee to expend or risk its own funds or otherwise incur financial liability in the exercise of any of its rights, powers, duties or authorities under this Agreement nor limits the Exchange Trustee, acting reasonably, from requesting an indemnity, before any enforcement of rights. In addition, the Exchange Trustee shall disburse funds only to the extent that funds have been deposited with it.

#### **6.6 Actions by Holders**

No Holder shall have the right to institute any action, suit or proceeding or to exercise any other remedy authorized by this Agreement for the purpose of enforcing any of its rights or for the execution of any trust, power or obligation hereunder unless the Holder has requested in writing the Exchange Trustee to take or institute such action, suit or proceeding and, subject to Section 6.5, furnished the Exchange Trustee with the funding, security and indemnity referred to in Section 6.5, and the Exchange Trustee shall have failed to act within a reasonable time thereafter. In such case, but not otherwise, the Holder shall be entitled to take proceedings in any court of competent jurisdiction, it being understood and intended that no one or more Holders shall have any right in any manner whatsoever to affect, disturb or prejudice the rights hereby created by any such action, or to enforce any right hereunder, except subject to the conditions and in the manner herein provided, and that all powers and trusts hereunder shall be exercised and all proceedings at law shall be instituted, had and maintained by the Exchange Trustee, except only as herein provided, and in any event for the benefit of all Holders.

#### **6.7 Reliance upon Declarations**

The Exchange Trustee shall not be considered to be in contravention of any of its rights, powers, duties and authorities hereunder if, when required, it acts and relies in good faith upon written notices, statutory declarations, certificates, opinions, reports or other papers or documents furnished pursuant to the provisions hereof, the Trust Notes – Series 2016-A Provisions or the TCPL Exchange Preferred Share Provisions or required by the Exchange Trustee to be furnished to it in the exercise of its rights, powers, duties and authorities hereunder and such notices, statutory declarations, certificates, opinions, reports or other papers or documents comply with this Agreement, nor shall the Exchange Trustee be responsible for relying on the accuracy of the information contained in any such document provided it honestly and in good faith believes such information to be correct. The Exchange Trustee shall not be responsible or liable in any manner for the sufficiency, genuineness, correctness or validity of any security deposited with it.

#### **6.8 Evidence and Authority to Exchange Trustee**

The Trust and/or TCPL shall furnish to the Exchange Trustee evidence of compliance with the conditions provided for in this Agreement relating to any action or step required or permitted to be taken by the Trust and/or TCPL or the Exchange Trustee under this

Agreement, the Trust Notes – Series 2016-A Provisions, the TCPL Exchange Preferred Share Provisions or as a result of any obligation or duty imposed under this Agreement, the Trust Notes – Series 2016-A Provisions or the TCPL Exchange Preferred Share Provisions, including in respect of the Automatic Exchange and the Series 2016-A Subscription Right and the taking of any other action to be taken by the Exchange Trustee, at the request of or on the application of the Trust and/or TCPL forthwith if and when:

- (a) such evidence is required by any other provision of this Agreement, the Trust Notes – Series 2016-A Provisions or the TCPL Exchange Preferred Share Provisions to be furnished to the Exchange Trustee in accordance with this Section 6.8; or
- (b) the Exchange Trustee, in the exercise of its rights, powers, duties and authorities under this Agreement, the Trust Notes – Series 2016-A Provisions or the TCPL Exchange Preferred Share Provisions, gives the Trust and/or TCPL written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence shall consist of a certificate signed by an Authorized Officer and/or by or on behalf of the Trust by an authorized signatory of the Administrative Agent or a statutory declaration stating that any such condition has been complied with in accordance with the terms of this Agreement and the Trust Notes – Series 2016-A Provisions or the TCPL Exchange Preferred Share Provisions, as applicable. Such evidence may consist of a report or opinion of any solicitor, auditor, accountant, appraiser, valuator or other expert or any other Person whose qualifications give authority to a statement made by such Person, provided that if such report or opinion is furnished by TCPL and/or by or on behalf of the Trust by an authorized signatory of the Administrative Agent it shall be in the form of a certificate or a statutory declaration. Each statutory declaration, certificate, opinion or report furnished to the Exchange Trustee as evidence of compliance with a condition provided for in this Agreement, the Trust Notes – Series 2016-A Provisions or TCPL Exchange Preferred Share Provisions, as applicable, shall include a statement by the Person giving the evidence:

- (c) declaring that such Person has read and understands the provisions of this Agreement, the Trust Notes – Series 2016-A Provisions and/or the TCPL Exchange Preferred Share Provisions, as applicable, relating to the condition in question;
- (d) describing the nature and scope of the examination or investigation upon which such Person based the statutory declaration, certificate, statement or opinion; and
- (e) declaring that such Person has made such examination or investigation as such Person believes is necessary to enable such Person to make the statements or give the opinions contained or expressed therein.

## **6.9 Experts, Advisers and Agents**

The Exchange Trustee may:

- (a) in relation to this Agreement, the Trust Notes – Series 2016-A Provisions and/or the TCPL Exchange Preferred Share Provisions, act and rely on the opinion or advice of, or information obtained from or prepared by, any solicitor, auditor, accountant, appraiser, valuator or other expert, whether retained by the Exchange Trustee or by the Trust and/or TCPL or otherwise, and may retain or employ such assistants as may be necessary to the proper determination and discharge of its powers, duties and obligations and the determination of its rights hereunder and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid; and
- (b) retain or employ such agents and other assistants as it may reasonably require for the proper determination and discharge of its powers and duties hereunder, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of its duties hereunder and compensation for all disbursements, costs and expenses made or incurred by it in the determination and discharge of its duties hereunder.

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**6.10 Investment of Money Held by or on behalf of Exchange Trustee**

- (a) Unless otherwise provided in this Agreement, any moneys held by or on behalf of the Exchange Trustee, which under the terms of this Agreement may or ought to be invested or which may be on deposit with the Exchange Trustee or which may be in the hands of the Exchange Trustee, may be invested and reinvested in the name or under the control of the Exchange Trustee, upon the written direction of the Trust, in Authorized Investments.
- (b) Upon receipt of a direction from the Trust, the Exchange Trustee shall invest any moneys held by it in Authorized Investments in its name in accordance with such direction. Any direction from the Trust to the Exchange Trustee shall be in writing and shall be provided to the Exchange Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Exchange Trustee after 9:00 a.m. (Toronto time) or received on a non-Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day.
- (c) In the event that the Exchange Trustee does not receive a direction or only a partial direction, the Exchange Trustee may hold cash balances constituting part or all of the funds and may, but need not, invest same in the deposits of a Canadian chartered bank; but the Exchange Trustee and its Affiliates shall not be liable to account for any profit to any parties to this Agreement or to any Person other than at a rate, if any, established from time to time by the Exchange Trustee or its Affiliates or a Canadian chartered bank.
- (d) The Exchange Trustee shall not be liable for any loss or losses realized on such investments, other than those related to the negligence, willful acts or defaults of the Exchange Trustee.

**6.11 Exchange Trustee Not Required to Give Security**

The Exchange Trustee shall not be required to give any bond or security in respect of the execution of the trusts, rights, duties, obligations, powers and authorities of this Agreement.

**6.12 Exchange Trustee Not Bound to Act on Request**

Except as otherwise specifically provided for in this Agreement, the Exchange Trustee shall not be required to act in accordance with any direction or request of the Trust and/or TCPL until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Exchange Trustee, and the Exchange Trustee shall be empowered to act and rely upon any such copy purporting to be authenticated and believed in good faith by the Exchange Trustee to be genuine.

**6.13 Authority to Carry on Business**

The Exchange Trustee represents to the Trust and/or TCPL that, at the date of execution and delivery by it of this Agreement, it is authorized to carry on the business of a trust company in the Province of Ontario but if, notwithstanding the provisions of this Section 6.13, it ceases to be so authorized to carry on business, the validity and enforceability of this Agreement, and the other rights granted in or resulting from the Exchange Trustee being a party to this Agreement, shall not be affected in any manner whatsoever by reason only of such event, but the Exchange Trustee shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in the Province of Ontario, either become so authorized or resign in the manner and with the effect specified in Article 9.

**6.14 Conflicting Claims**

If conflicting claims or demands are made or asserted with respect to any interest of any Holder in any Trust Notes – Series 2016-A or TCPL Exchange Preferred Shares, including any disagreement between the

heirs, representatives, successors or assigns succeeding to all or any part of the interest of any Holder in any Trust Notes – Series 2016-A or TCPL Exchange Preferred Shares resulting in conflicting claims or demands being made in connection with such interest, then the Exchange Trustee shall be entitled, at its sole discretion, to refuse to recognize or to comply with any such claim or demand. In so refusing, the Exchange Trustee may elect not to exercise any rights subject to such conflicting claims or demands and, in so doing, the Exchange Trustee shall not be or become liable to any Person on account of such election or its failure or refusal to comply with any such conflicting claims or demands. The Exchange Trustee shall be entitled to continue to refrain from acting and to refuse to act until:

- (a) the rights of all adverse claimants or other rights subject to such conflicting claims or demands have been adjudicated by a final judgment of a court of competent jurisdiction; or
- (b) all differences or other rights subject to such conflicting claims or demands have been conclusively settled by a valid written agreement binding on all such adverse claimants, and the Exchange Trustee shall have been furnished with an executed copy of such agreement.

If the Exchange Trustee elects to recognize any claim or comply with any demand made by any such adverse claimant, it may in its discretion require such claimant to furnish such surety bond or other security satisfactory to the Exchange Trustee as it may deem appropriate to fully indemnify it as between all conflicting claims or demands.

#### **6.15 Acceptance by Exchange Trustee**

The Exchange Trustee hereby accepts the trust and duties created and provided for by and in this Agreement and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law, in trust, for TCPL and various Persons who are from time to time Holders of Trust Notes – Series 2016-A, subject to all the terms and conditions herein set forth.

#### **6.16 Withholding Tax**

TCPL or the Exchange Trustee may deduct or withhold (or such amount shall be deducted or withheld in accordance with the customary practice and procedures of the Clearing Agency) from any payment, distribution or delivery to any Holder amounts required or permitted by law to be deducted or withheld from such Holder's distribution, payment or delivery and shall remit such amounts to the relevant tax authority in the manner and within the time required by law. Where the cash component of any payment, distribution or delivery to be made to a Holder is less than the amount that TCPL or the Exchange Trustee is required or permitted to withhold, TCPL or the Exchange Trustee shall be permitted to withhold from any non-cash payment, distribution or delivery to be made to the Holder and to dispose or arrange to dispose of such property in order to remit any amount to the relevant tax authority as required. TCPL shall provide written direction to the Exchange Trustee as to such amounts to be deducted or withheld; provided, however, that the Exchange Trustee shall deduct or withhold from any Holder's distribution or delivery any amount it is required by law to deduct and withhold, and shall remit such amount to the relevant tax authority in the manner and within the time required by law, notwithstanding the failure of TCPL to provide any such direction following a request therefor from the Exchange Trustee, and in so doing the Exchange Trustee shall be deemed to have complied with its obligations hereunder. The Exchange Trustee shall file in the manner and within the time required by law any required tax returns and provide any required information slips relating to such withholding or deduction.

#### **6.17 Residency of Exchange Trustee**

The Exchange Trustee hereby represents that it is a resident of Canada for the purposes of the Tax Act and the Exchange Trustee shall give the Trust and TCPL notice of any change in such status.

## **6.18 Tax Reports**

The Trust shall be solely responsible for all tax processing relating to or arising from the duties or actions contemplated by this Agreement, including any inquiry, evaluation, reporting, remittance, filing and issuance of tax slips, summaries, reports, except as is specifically delegated to the Indenture Trustee pursuant to this Agreement or as may be agreed subsequently, as confirmed in writing by the parties.

The Exchange Trustee shall process only such tax matters as have been specifically delegated to it pursuant to this Agreement or as may be agreed subsequently, and in doing so, the Exchange Trustee does not undertake to carry out any inquiry, evaluation, reporting, remittance, filing or issuance of tax slips, summaries and reports necessary or incidental thereto, which shall remain the sole responsibility of the Trust. The Exchange Trustee shall be entitled to rely upon and assume, without further inquiry or verification, the accuracy and completeness of any tax processing information, documentation or instructions received by the Exchange Trustee, directly or indirectly, from or on behalf of the Trust.

## **6.19 Compliance with Privacy Legislation**

The parties acknowledge that federal, provincial and/or state legislation in Canada or the United States that address the protection of individuals' personal information (collectively, "**Privacy Laws**") may apply to obligations and activities under this Agreement. Despite any other provision of this Agreement, no party shall take or direct any action that would contravene, or cause any other party to contravene, applicable Privacy Laws. The Exchange Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Exchange Trustee agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Agreement and not to use it for any other purpose except with the consent of or direction from the Trust and TCPL or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

## **6.20 Compliance with Anti-Money Laundering Legislation**

The Exchange Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Exchange Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline.

# **ARTICLE 7 COMPENSATION**

## **7.1 Fees and Expenses of Exchange Trustee**

The Trust and TCPL jointly and severally agree to pay to the Exchange Trustee reasonable compensation for all of the services rendered by it under this Agreement and shall reimburse the Exchange Trustee for all reasonable expenses incurred by it in connection therewith (including, but not limited to, taxes and compensation paid to experts, counsel and advisors and disbursements, including the cost and expense of any suit or litigation of any character and any proceedings before any governmental agency reasonably incurred by the Exchange Trustee); provided that the Trust and TCPL shall have no obligation to reimburse the Exchange Trustee for any expenses or disbursements paid, incurred or suffered by the Exchange Trustee in any suit or litigation in which the Exchange Trustee is determined to have acted with fraud, negligence or wilful misconduct. For administrative purposes, the Exchange Trustee may invoice TCPL unless instructed otherwise.

**ARTICLE 8**  
**INDEMNIFICATION AND LIMITATION OF LIABILITY**

**8.1 Indemnification of Exchange Trustee**

The Trust and TCPL jointly and severally agree to indemnify and hold harmless the Exchange Trustee and each of its directors, officers, employees, representatives and agents appointed and acting in accordance with this Agreement (collectively, the “**Indemnified Parties**”) against all claims, losses, damages, costs, penalties, fines, taxes, assessments of additional taxes, interest or penalties or other governmental charges, including the withholding or deduction or the failure to withhold or deduct same, any liability for failure to obtain proper certifications or to properly report to government authorities, and reasonable expenses (including reasonable expenses of the Exchange Trustee’s legal counsel) which, without fraud, negligence or wilful misconduct on the part of such Indemnified Party, are paid, incurred or suffered by the Indemnified Party by reason of or as a result of the Exchange Trustee’s acceptance or administration of the trust, its compliance with its duties set forth in this Agreement, or with any written or oral instructions delivered to the Exchange Trustee by the Trust or TCPL pursuant hereto (collectively, “**Claims**” and individually, a “**Claim**”). In no case will the Trust or TCPL be liable under this indemnity for any Claim if such Claim is incurred or suffered by reason of or as a result of the fraud, negligence or wilful misconduct of an Indemnified Party and unless the Trust and TCPL shall be notified by the Exchange Trustee of the written assertion of a Claim promptly after any of the Indemnified Parties shall have received any such written assertion of a Claim or shall have been served with a summons or other first legal process giving information as to the nature and basis of the Claim, provided that a failure or delay to so notify the Trust and TCPL shall not diminish the liability of the Trust and TCPL hereunder except to the extent that the Trust and TCPL are materially prejudiced by such failure or delay. Subject to (ii) below, the Trust and TCPL shall be entitled to participate at their own expense in the defence and, if the Trust or TCPL so elect at any time after receipt of such notice, any of them may assume the defence of any suit brought to enforce any such Claim. The Exchange Trustee shall have the right to employ separate counsel in any such suit and participate in the defence thereof but the fees and expenses of such counsel shall be at the expense of the Exchange Trustee unless: (i) the employment of such counsel has been authorized by the Trust or TCPL, such authorization not to be unreasonably withheld; or (ii) the named parties to any such suit include both the Exchange Trustee and the Trust or TCPL and the Exchange Trustee shall have been advised by counsel acceptable to the Trust and TCPL that there may be one or more legal defences available to the Exchange Trustee that are different from or in addition to those available to the Trust or TCPL and that an actual or potential conflict of interest exists (in which case the Trust and TCPL shall not have the right to assume the defence of such suit on behalf of the Exchange Trustee but shall be liable to pay the reasonable fees and expenses of counsel for the Exchange Trustee). This provision shall survive the resignation or removal of the Exchange Trustee or the termination of this Agreement.

**8.2 Limitation of Liability**

The Exchange Trustee shall not be held liable for any loss which may occur by reason of insolvency or termination of TCPL, the Trust or any Holder, as the case may be, or early termination of any investment under Section 6.10 or depreciation of the value of any part of the Series 2016-A Trust Estate or any loss incurred on any investment of funds pursuant to this Agreement, except to the extent that such loss is attributable to fraud, negligence or wilful misconduct on the part of the Exchange Trustee.

**ARTICLE 9**  
**CHANGE OF EXCHANGE TRUSTEE**

**9.1 Resignation of Exchange Trustee**

The Exchange Trustee, or any Exchange Trustee hereafter appointed, may at any time resign by giving written notice of such resignation to the Trust and TCPL specifying the date on which it desires to resign, provided that such notice shall be given at least 60 days before such desired resignation date, unless the Trust

and TCPL otherwise agree, and further provided that such resignation shall not take effect until the date of the appointment of a successor Exchange Trustee and the acceptance of such appointment by the successor Exchange Trustee. Upon receiving such notice of resignation, the Trust and TCPL shall promptly appoint a successor Exchange Trustee, which successor shall be a resident of Canada for the purposes of the Tax Act, by written instrument in duplicate, one copy of which shall be delivered to the resigning Exchange Trustee and one copy to the successor Exchange Trustee. Failing acceptance by a successor Exchange Trustee, a successor Exchange Trustee may be appointed by an order of the Superior Court of Justice (Ontario) upon application of one or more of the parties hereto at the joint and several expense of the Trust and TCPL.

## **9.2 Removal of Exchange Trustee**

The Exchange Trustee, or any Exchange Trustee hereafter appointed, may be removed: (i) with cause or if the Exchange Trustee at any time ceases to be a resident of Canada for the purposes of the Tax Act, by written instrument executed by the Trust and TCPL; or (ii) with or without cause by the Holders of Trust Notes – Series 2016-A pursuant to an Extraordinary Resolution and, if any TCPL Exchange Preferred Shares are outstanding, by the affirmative vote of Holders of the TCPL Exchange Preferred Shares passed in accordance with the TCPL Exchange Preferred Share Provisions (as though the removal were an amendment to the TCPL Exchange Preferred Share Provisions), in all cases, at any time on 60 days' prior written notice, which notice shall be delivered to the Exchange Trustee so removed and to the successor Exchange Trustee.

## **9.3 Successor Exchange Trustee**

Any successor Exchange Trustee appointed as provided under this Agreement shall execute, acknowledge and deliver to the Trust and TCPL and to its predecessor Exchange Trustee an instrument accepting such appointment. Thereupon, the resignation or removal of the predecessor Exchange Trustee shall become effective and such successor Exchange Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor under this Agreement, with like effect as if originally named as Exchange Trustee in this Agreement. However, on the written request of the Trust and TCPL or of the successor Exchange Trustee, the Exchange Trustee ceasing to act shall, upon payment of any amounts then due to it pursuant to the provisions of this Agreement, execute and deliver an instrument transferring to such successor Exchange Trustee all the rights and powers of the Exchange Trustee so ceasing to act. Upon the request of any such successor Exchange Trustee, the Trust and TCPL, such predecessor Exchange Trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Exchange Trustee all such rights and powers. Any company into which the Exchange Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting or continuing from any merger, consolidation or amalgamation to which the Exchange Trustee is a party or any company to which the Exchange Trustee may transfer all or substantially all of its corporate trust business, shall be a successor Exchange Trustee under this Agreement, without the execution or filing of any paper or further act on the part of any of the parties hereto.

## **9.4 Notice of Successor Exchange Trustee**

Upon acceptance of appointment by a successor Exchange Trustee as provided in this Agreement, the Trust and TCPL shall cause to be mailed notice of the succession of such Exchange Trustee under this Agreement to each registered Holder. If the Trust or TCPL fails to cause such notice to be mailed within 10 days after acceptance of appointment by the successor Exchange Trustee, the successor Exchange Trustee shall cause such notice to be mailed at the expense of the Trust and TCPL.

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## **ARTICLE 10 AMENDMENTS AND SUPPLEMENTAL AGREEMENTS**

### **10.1 Ministerial Amendments**

The parties to this Agreement may in writing, at any time and from time to time, without the approval of the Holders, amend, supplement or modify this Agreement for the purposes of:

- (a) adding to the covenants of any or all of the parties hereto for the protection of the Holders hereunder;
- (b) making such amendments or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions which, in the mutual opinion of the Trust, TCPL and the Exchange Trustee and their respective counsel, having in mind the best interests of the Holders as a whole, it may be expedient to make;
- (c) making such changes or corrections which, on the advice of counsel to the Trust, TCPL and the Exchange Trustee, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that each of the Trust, TCPL and their respective counsel, and the Exchange Trustee based on the opinion of Counsel, shall be of the opinion that such changes or corrections shall not be prejudicial to the interests of the Holders as a whole; or
- (d) making any additions to, deletions from or alterations of the provisions of this Agreement which, in the opinion of the Exchange Trustee and its counsel, shall not be prejudicial to the interests of the Holders as a whole or which, in the opinion of counsel to the Trust, TCPL and the Exchange Trustee, are necessary or advisable in order to incorporate, reflect or comply with any legislation the provisions of which apply to the Trust, TCPL, the Exchange Trustee or this Agreement.

## **10.2 Meeting to Consider Amendments**

The Trust and, if applicable, TCPL, shall call a meeting or meetings of the Holders for the purpose of considering and, if thought fit, approving, with the consent of Holders of Trust Notes – Series 2016-A or registered holders of Trust Notes, as applicable in accordance with the Trust Indenture pursuant to an Extraordinary Resolution and, if any TCPL Exchange Preferred Shares are then outstanding, of the Holders of TCPL Exchange Preferred Shares in accordance with TCPL Exchange Preferred Share Provisions (as though such action were an amendment to TCPL Exchange Preferred Share Provisions), as applicable, any proposed supplement, amendment or modification of this Agreement other than those referred to in Section 10.1. Any such meeting or meetings shall be called and held in accordance with the Trust Indenture, the TCPL Exchange Preferred Share Provisions (if applicable) and all Applicable Laws. Any supplement, amendment or modification referred to in this Section 10.2 shall be provided to the Exchange Trustee by the Trust or TCPL, as the case may be.

## **10.3 Execution of Supplemental Agreements**

No supplement or amendment to, or modification or waiver of, any of the provisions of this Agreement shall be effective unless made in writing and signed by all of the parties hereto. Subject to compliance with all Applicable Laws, the Trust, TCPL and the Exchange Trustee may, subject to the provisions hereof, and shall, when so directed by this Agreement, from time to time, execute and deliver agreements or other instruments supplemental hereto, evidencing any such supplement, amendment, modification or waiver which thereafter shall form part hereof.

## **ARTICLE 11 TERMINATION**

### **11.1 Term**

This Agreement shall continue until the earliest to occur of the following events:

- (a) no Trust Notes – Series 2016-A are outstanding and held by a Person other than TCPL or any of its Affiliates and no TCPL Exchange Preferred Shares remain outstanding;
- (b) each of the Trustee and TCPL elects in writing to terminate the trust created hereby and such termination is approved by the Holders in accordance with Section 10.2; and
- (c) 21 years after the death of the last survivor of the descendants of Her Majesty Queen Elizabeth II of the United Kingdom of Great Britain and Northern Ireland living on the date of the creation of the Trust.

## **11.2 Survival of Agreement**

This Agreement shall survive any termination of the trust created hereby and shall continue until there are no Trust Notes – Series 2016-A outstanding and held by a Person other than TCPL or any of its Affiliates and there are no TCPL Exchange Preferred Shares outstanding; provided, however, that the provisions of Article 7 and Article 8 shall survive any such termination of this Agreement.

## **ARTICLE 12 GENERAL**

### **12.1 Severability**

If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of this Agreement shall not, in any way, be affected or impaired thereby and this Agreement shall be carried out as nearly as possible in accordance with its original terms and conditions.

### **12.2 Enurement**

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns and to the benefit of the Holders and their respective heirs, executors, personal representatives, successors and assigns.

### **12.3 Notices to Parties**

All notices and other communications between the parties hereunder shall be in writing and shall be deemed to have been given if delivered personally or by confirmed telecopy to the parties at the following addresses (or at such other address for such party as shall be specified in notice given hereunder):

- (a) if to TCPL:

TransCanada PipeLines Limited  
450 – 1<sup>st</sup> Street SW  
Calgary, Alberta  
T2P 5H1

Attention: Corporate Secretary  
Facsimile: (403) 920-2467

- (b) if to the Trust:

TransCanada Trust  
c/o Computershare Trust Company of Canada  
530 8 Avenue SW  
Calgary, Alberta  
T2P 3S8

Attention: Manager, Corporate Trust  
Facsimile: (403) 267-6598

(c) if to the Exchange Trustee:

CST Trust Company  
600, the Dome Tower,  
333 – 7th Avenue S.W.,  
Calgary, AB T2P 2Z1

Attention: Director, Corporate Trust  
Facsimile: (403) 776-3916

Any notice or other communication given personally shall be deemed to have been given and received upon delivery thereof, unless given on a day that is not a Business Day in which case it shall be deemed to be given on the next following Business Day, and if given by telecopy shall be deemed to have been given and received on the date of receipt thereof unless such day is not a Business Day, in which case it shall be deemed to have been given and received upon the immediately following Business Day.

#### **12.4 Notice to Holders**

Any and all notices to be given and any documents to be sent to any Holder hereunder may be given or sent to the address of such Holder shown on the register of holders of Trust Notes – Series 2016-A or TCPL Exchange Preferred Shares, by prepaid first class mail or otherwise in any manner permitted by the Trust Notes – Series 2016-A Provisions or TCPL Exchange Preferred Share Provisions, as applicable, and shall be deemed to be received (if given or sent in such manner) at the time specified in the Trust Notes – Series 2016-A Provisions or TCPL Exchange Preferred Share Provisions.

#### **12.5 Risk of Payments by Post**

Whenever payments are to be made or documents are to be sent to any Holder by the Trust, TCPL or the Exchange Trustee, or by such Holder to the Trust, TCPL or the Exchange Trustee, the making of such payment or sending of such document through the post shall be at the risk of the Trust, TCPL or the Exchange Trustee, as applicable, in the case of payments made or documents sent by the Trust, TCPL or the Exchange Trustee, as applicable, and the Holder, in the case of payments made or documents sent by the Holder.

#### **12.6 Counterparts**

This Agreement may be executed by manual signature in counterparts, each of which shall be deemed an original and all of which, when taken together, shall be deemed to constitute one and the same instrument.

#### **12.7 Jurisdiction**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

**12.8 Exclusion of Contractual Liability**

In accordance with Section 7.15 of the Declaration of Trust, to the extent that this Agreement operates to create obligations of the Trustee, such obligations are not binding upon the Trustee except in its capacity as trustee of the Trust, nor shall resort be had to the property of the Trustee except in its capacity as Trustee of the Trust and only the assets of the Trust shall be so bound.

**12.9 Appointment of Administrative Agent**

The parties hereto acknowledge that the Trustee has appointed TCPL as “Administrative Agent” under the Administration Agreement and has delegated to it the powers (and TCPL has assumed the obligations) as set out in the Administration Agreement.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

**TRANSCANADA TRUST,  
by its Administrative Agent,  
TRANSCANADA PIPELINES LIMITED**

By: (signed) “Joel E. Hunter”  
Name: Joel E. Hunter  
Title: Vice-President, Finance and Treasurer

By: (signed) “Christine R. Johnston”  
Name: Christine R. Johnston  
Title: Vice-President, Law and Corporate Secretary

**TRANSCANADA PIPELINES LIMITED**

By: (signed) “Joel E. Hunter”  
Name: Joel E. Hunter  
Title: Vice-President, Finance and Treasurer

By: (signed) “Christine R. Johnston”  
Name: Christine R. Johnston  
Title: Vice-President, Law and Corporate Secretary

**CST TRUST COMPANY**

By: (signed) “Nelía Andrade”  
Name: Nelía Andrade

Title: Authorized Signatory

By: (signed) "Monica Bynoe"

Name: Monica Bynoe

Title: Authorized Signatory

[Signature page to Share Exchange Agreement]

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## SCHEDULE A

### TCPL EXCHANGE PREFERRED SHARE PROVISIONS

#### **FIRST PREFERRED SHARES, SERIES 2016-A EXCHANGE**

There is hereby authorized and created a series of First Preferred Shares designated as the "First Preferred Shares, Series 2016-A Exchange" (hereinafter referred to as the "**Exchange Preferred Shares, Series 2016-A**"), consisting of such number of shares sufficient to satisfy the rights of former holders of Trust Notes to receive Exchange Preferred Shares, Series 2016-A following an Automatic Exchange. The Exchange Preferred Shares, Series 2016-A may be issued in whole or in fractional shares, as provided below, and shall, in addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class (collectively and respectively, the "**First Preferred Shares Class Provisions**" and the "**First Preferred Shares**"), carry and be subject to the following rights, privileges, restrictions and conditions (collectively, the "**Exchange Preferred Shares, Series 2016-A Provisions**"):

#### **Dividends**

1. The holders of the Exchange Preferred Shares, Series 2016-A shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors out of the monies of the Corporation properly applicable to the payment of dividends, on each Dividend Payment Date fixed cumulative preferential cash dividends equal to the quotient obtained by dividing: (x) the product obtained by multiplying \$1,000 by a rate per annum equal to the rate of interest payable by the Trust on the Trust Notes at the Exchange Time, by (y) four; provided that if an event (including a redemption) shall occur that results in accrued and unpaid dividends for a partial Dividend Period becoming payable, the dividend payable for any partial Dividend Periods shall be equal to the product obtained by multiplying the amount in (x) above by a fraction, the numerator of which is the actual number of days attributable to the partial Dividend Period and the denominator of which is 365, subject in each case to any applicable withholding tax.

2. If on any Dividend Payment Date the dividend payable on such date is not paid in full on all of the Exchange Preferred Shares, Series 2016-A then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates to be determined by the board of directors on which the Corporation shall have sufficient monies properly available, under the provisions of any applicable law and under the provisions of any trust indenture securing bonds, debentures or other securities of the Corporation, to the payment of the same. The holders of the Exchange Preferred Shares, Series 2016-A shall not be entitled to any dividends other than or in excess of the cumulative preferential cash dividends hereinbefore provided. Payment shall be made by electronic funds transfer or by cheque of or on behalf of the Corporation payable in lawful money of the United States (less any tax required to be deducted) and payment thereof shall satisfy such dividends.

#### **Liquidation, Dissolution or Winding-Up**

3. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Exchange Preferred Shares, Series 2016-A in accordance with the First Preferred Shares Class Provisions, shall be entitled to receive the amount of \$1,000 (less any amount that may have been returned to the holders of Exchange Preferred Shares, Series 2016-A as a return of

capital), together with an amount equal to all accrued and unpaid dividends thereon, which amount for such purposes shall be calculated as if such dividends were accruing for the period from the expiration of the last Dividend Period for which dividends thereon have been paid up to the date of such event, subject to any applicable withholding tax, the whole 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 Exchange Preferred Shares, Series 2016-A. After payment to the holders of the Exchange Preferred Shares,

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Series 2016-A of the amount so payable to them they shall not be entitled to share in any other distribution of the property or assets of the Corporation.

### **Voting Rights**

4. The holders of the Exchange Preferred Shares, Series 2016-A shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation or to vote at any such meeting unless and until the Corporation from time to time shall fail to pay in the aggregate six quarterly dividends on the Exchange Preferred Shares, Series 2016-A on the dates on which the same should be paid according to the terms thereof, whether or not consecutive and whether or not dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends. Thereafter each holder of Exchange Preferred Shares, Series 2016-A shall be entitled to receive notice of all meetings of shareholders and attend thereat and shall be entitled to at any and all such meetings, one vote per each Exchange Preferred Share, Series 2016-A held and shall continue to be entitled to notice and so to attend and vote until such time as all arrears of dividends on any outstanding Exchange Preferred Shares, Series 2016-A shall have been paid, whereupon the rights of holders of Exchange Preferred Shares, Series 2016-A to receive notice of meetings and to attend thereat and vote in respect of such Exchange Preferred Shares, Series 2016-A shall cease unless and until six quarterly dividends on the Exchange Preferred Shares, Series 2016-A shall again be in arrears and unpaid, whereupon the holders of the Exchange Preferred Shares, Series 2016-A shall again have the right to receive notice and to attend and vote as above provided and so on from time to time.

### **Purchase for Cancellation**

5. The Corporation may, at any time and from time to time on or after the date that is ten years after the Closing Date, subject to the provisions of the *Canada Business Corporations Act*, and the provisions below under “Redemption” and “Restrictions on Payment of Dividends and Reduction of Junior Capital”, purchase for cancellation (if obtainable), in the manner provided in the First Preferred Shares Class Provisions, the whole or any part of the Exchange Preferred Shares, Series 2016-A outstanding from time to time at any price.

### **Redemption**

6. The Corporation may not redeem the Exchange Preferred Shares, Series 2016-A on or prior to the date that is ten years after the Closing Date. Subject to the provisions of the *Canada Business Corporations Act* and the provisions below under “Restrictions on Payment of Dividends and Reduction of Junior Capital” the Corporation may redeem all, or from time to time any part, of the outstanding Exchange Preferred Shares, Series 2016-A, without the consent of the holders of the Exchange Preferred Shares, Series 2016-A, on not more than 60 days and not less than 30 days prior notice, at any time after the date that is ten years after the Closing Date, by the payment of an amount in cash for each such share so redeemed of \$1,000 per share (such price being hereinafter referred to as the “**Redemption Price**”) together with an amount equal to all accrued and unpaid dividends thereon, which amount for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last Dividend Period for which dividends thereon have been paid up to the date of such redemption, subject to any applicable withholding tax.

### **Restrictions on Payment of Dividends and Reduction of Junior Capital**

7. So long as any of the Exchange Preferred Shares, Series 2016-A are outstanding the Corporation shall not, without the approval of the holders of the Exchange Preferred Shares, Series 2016-A:

- (a) declare any dividend on the common shares or any shares ranking junior to the Exchange Preferred Shares, Series 2016-A (other than stock dividends on shares ranking junior to the Exchange Preferred Shares, Series 2016-A);
- (b) redeem, purchase or otherwise retire any of the common shares or any other shares ranking junior to the Exchange Preferred Shares, Series 2016-A (except out of the net cash proceeds

of a substantially concurrent issue of shares ranking junior to the Exchange Preferred Shares, Series 2016-A), or

- (c) redeem, repurchase or otherwise retire: (i) less than all of the Exchange Preferred Shares, Series 2016-A; or (ii) except pursuant to any purchase obligation, sinking fund, retraction privilege, or mandatory redemption provisions attaching to any series of preferred shares of the Corporation, any other shares ranking on parity with the Exchange Preferred Shares, Series 2016-A;

unless, in each case, all dividends payable on the Exchange Preferred Shares, Series 2016-A, and on all other shares ranking prior to or on parity with the Exchange Preferred Shares, Series 2016-A, have been declared and paid or set apart for payment, subject to any applicable withholding tax.

#### **Fractional Shares**

8. The Exchange Preferred Shares, Series 2016-A may be issued in whole or in fractional shares. Each fractional Exchange Preferred Share, Series 2016-A shall carry and be subject to the rights, privileges, restrictions and conditions (including voting rights and dividend rights) of the Exchange Preferred Shares, Series 2016-A in proportion to the applicable fraction.

#### **Exchange Preferred Shares, Series 2016-A Definitions**

9. The following terms shall have the following respective meanings:

“**Automatic Exchange**” means the automatic exchange of the Trust Notes for the right to receive Exchange Preferred Shares, Series 2016-A upon the occurrence of an Automatic Exchange Event.

“**Automatic Exchange Event**” means an event giving rise to the Automatic Exchange, being the occurrence of any one of the following: (a) the making by TCC or the Corporation of a general assignment for the benefit of its creditors or a proposal (or the filing of a notice of its intention to do so) under the *Bankruptcy and Insolvency Act* (Canada), (b) any proceeding instituted by TCC or the Corporation seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency or reorganization, or seeking the entry of an order for the appointment of a receiver, interim receiver, trustee or other similar official for TCC or the Corporation or any substantial part of its property and assets in circumstances where TCC or the Corporation, as applicable, is adjudged a bankrupt or insolvent, (c) a receiver, interim receiver, trustee or other similar official is appointed over TCC or the Corporation or for any substantial part of its property and assets by a court of competent jurisdiction in circumstances where TCC or the Corporation, as applicable, is adjudged a bankrupt or insolvent; or (d) any proceeding is instituted against TCC or the Corporation seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency or reorganization, or seeking the entry of an order for the appointment of a receiver, interim receiver, trustee or other similar official for TCC or the Corporation or any substantial part of its property and assets in circumstances where TCC or the Corporation, as applicable, is adjudged a bankrupt or insolvent, and either such proceeding has not been stayed or dismissed within sixty (60) days of the institution of any such proceeding or the actions sought in such proceedings occur (including the entry of an order for relief against TCC or the Corporation or the appointment of a receiver, interim receiver, trustee, or other similar official for it or for any substantial part of its property and assets).

“**Business Day**” means a day on which the Corporation is open for business in the City of Calgary, Alberta, other than a Saturday, Sunday or any statutory or civic holiday in the City of Toronto, Ontario, the City of Calgary, Alberta or the City of New York, New York.

“**Closing Date**” means August 11, 2016;

“**Dollars**”, “**dollars**” or the sign “\$” shall be deemed to be a reference to lawful money of the United States.

“**Dividend Payment Date**” means March 31, June 30, September 30 and December 31 of each year during which any Exchange Preferred Shares, Series 2016-A are issued and outstanding.

“**Dividend Period**” means, initially, the period from and including the Issue Date to but excluding the next following Dividend Payment Date, and thereafter the period from and including each Dividend Payment Date to, but excluding, the next following Dividend Payment Date (including any partial period as contemplated in section 1, above).

“**Exchange Time**” means the time at which the Automatic Exchange will be effective, being 8:00 a.m. (Eastern Time) on the date that an Automatic Exchange Event occurs.

“**Issue Date**” means the date on which the Exchange Preferred Shares, Series 2016-A are issued.

“**TCC**” means TransCanada Corporation.

“**Trust**” means TransCanada Trust, a unit trust established under the laws of the Province of Ontario.

“**Trust Notes**” means the Trust Notes – Series 2016-A of the Trust, representing a series of junior subordinated unsecured debt obligations, due August 15, 2076.

## **Amendments**

10. Sections 1 to 11, inclusive, of these Exchange Preferred Shares, Series 2016-A Provisions may be repealed, altered, modified, amended or amplified only with the sanction of the holders of the Exchange Preferred Shares, Series 2016-A given as hereinafter specified in addition to any other approval required by the *Canada Business Corporations Act*.

## **Sanction by Holders of Exchange Preferred Shares, Series 2016-A**

11. The sanction by holders of the Exchange Preferred Shares, Series 2016-A as to any and all matters referred to herein or as to any change adversely affecting the rights or privileges of the Exchange Preferred Shares, Series 2016-A may be given and shall be deemed to have been sufficiently given if given by the holders of the Exchange Preferred Shares, Series 2016-A in the manner provided in the First Preferred Shares Class Provisions with respect to the sanction of the holders of any series of the First Preferred Shares and the said provisions shall apply *mutatis mutandis*.

## **Tax Election**

12. The Corporation shall elect, in the manner and within the time provided under section 191.2 of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect, to pay tax at a rate and take all other necessary action under such Act such that

no holder of the Exchange Preferred Shares, Series 2016-A will be required to pay tax on dividends received on the Exchange Preferred Shares, Series 2016-A under section 187.2 of Part IV.1 of such Act or any successor or replacement provision of similar effect.

**Non-Business Days**

13. In the event that any date on which any dividend is payable by the Corporation, or any date on or by which any other action is required to be taken or determination made by the Corporation or the holders of Exchange Preferred Shares, Series 2016-A hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken or determination made, on or before the next succeeding day that is a Business Day.

## TCPL SUBORDINATED NOTE PURCHASE AGREEMENT

August 11, 2016

TO: TransCanada Trust  
c/o TransCanada PipeLines Limited, as Administrative Agent  
450 - 1st Street S.W.  
Calgary, Alberta,  
T2P 5H1 Canada

**Purchase of TCPL Subordinated Notes**

The purpose of this letter agreement (the “**Agreement**”) is to confirm the terms under which TransCanada Trust (the “**Trust**”) has agreed to purchase and TransCanada PipeLines Limited (“**TCPL**”) has agreed to issue and sell to the Trust, junior subordinated notes in the principal amount of \$1,200,000,000 (the “**TCPL Sub Notes**”) in United States Dollars. The TCPL Sub Notes are issued under a trust indenture dated as of May 20, 2015, as supplemented by a supplemental indenture dated as of August 11, 2016, in each case between TCPL and Computershare Trust Company of Canada (as so supplemented, the “**Indenture**”) and have the rights and entitlements described therein.

**Agreement to Purchase**

1. TCPL hereby agrees to issue and deliver, or cause to be delivered, to the Trust, and the Trust hereby agrees to purchase, the TCPL Sub Notes in the manner and for the consideration described in this Agreement.

**Subscription Price**

2. The subscription price for the TCPL Sub Notes will be \$1,200,000,000 (the “**Subscription Price**”) in United States Dollars. The Subscription Price will be paid by the Trust to TCPL in accordance with Section 7 of this Agreement.

**Representations and Warranties**

3. The Trust represents and warrants to TCPL that it is purchasing the TCPL Sub Notes as principal and is an “accredited investor” as defined in National Instrument 45-106 of the Canadian Securities Administrators.
4. TCPL represents and warrants that the TCPL Sub Notes have been duly authorized and executed by TCPL and, when authenticated and delivered to the Trust in accordance with the terms hereof and the terms of the Indenture, will constitute valid and binding obligations of TCPL entitled to the benefits of the Indenture and enforceable against TCPL in accordance with their terms except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of the rights of creditors generally or by general equitable principles (regardless of whether enforcement is considered in a proceeding at law or in equity).

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**Covenants**

5. The Trust will execute and deliver within the applicable time periods all documentation as may be required by applicable securities laws, if any, to permit the purchase of the TCPL Sub Notes on the terms set forth herein and the Trust will execute, deliver, file and otherwise assist TCPL in filing such reports, undertakings and other documents, if any, with respect to the issue of the TCPL Sub Notes as may be required by applicable securities laws or by any securities regulatory authority or stock exchange or other regulatory authority.

6. The Trust understands that (i) the TCPL Sub Notes are subject to transfer restrictions, and (ii) it will not be able to resell the TCPL Sub Notes until expiry of the applicable hold period under applicable Canadian securities laws except in accordance with limited exemptions and compliance with other requirements of applicable law, and the Trust (and not TCPL) is responsible for compliance with applicable resale restrictions or hold periods and will comply with such transfer restrictions and all relevant securities laws in connection with any resale of the TCPL Sub Notes.

### **Delivery and Payment**

7. The issuance and purchase of the TCPL Sub Notes contemplated by this Agreement will take place at the offices of TCPL, 450- 1<sup>st</sup> Street S.W., Calgary, Alberta T2P 5C1 at 8:30 a.m. (Calgary time) on August 11, 2016 (the “**Closing**”). At the Closing, TCPL will issue and deliver, or cause to be delivered, to the Trust one or more certificates for the TCPL Sub Notes, registered in the name of the Trust and the Trust will pay the Subscription Price to TCPL by cheque, bank draft or electronic transfer of funds or as otherwise agreed by the Trust and TCPL.

### **Personal Information Authorization**

8. By executing this Agreement, the Trust hereby consents to the collection, use and disclosure of the personal information provided herein and other personal information provided by the Trust or collected by TCPL or its agents as reasonably necessary in connection with the Trust’ s subscription for the TCPL Sub Notes (collectively, “personal information”) including as follows: (a) TCPL may use personal information and disclose personal information to intermediaries such as TCPL’ s legal counsel and withholding and/or transfer agents for the purposes of determining the Trust’ s eligibility to invest in the TCPL Sub Notes and for managing and administering the Trust’ s investment in the TCPL Sub Notes; (b) TCPL, its agents and advisors, may each collect, use and disclose personal information for the purposes of meeting legal, regulatory, self-regulatory, security and audit requirements (including any applicable tax, securities, money laundering or anti-terrorism legislation, rules or regulations) and as otherwise permitted or required by law, which disclosures may include disclosures to tax, securities or other regulatory or self-regulatory authorities in Canada and/or in foreign jurisdictions, if applicable, in connection with the regulatory oversight mandate of such authorities; (c) TCPL and its agents and advisors may use personal information and disclose personal information to parties connected with the proposed or actual transfer, sale, assignment, merger or amalgamation of TCPL or its business or assets or similar transactions, for the purpose of permitting such parties to evaluate and/or proceed with and complete such transaction. Purchasers, assignees and successors of TCPL or its business or assets may collect, use and disclose personal information as described in this Agreement. The Trust acknowledges that TCPL’ s agents or intermediaries may be located outside of Canada, and personal information may be transferred and/or processed outside of Canada for the purposes described above, and that measures TCPL may use to protect personal information while handled by agents, intermediaries or other third parties on its behalf, and

personal information otherwise disclosed or transferred outside of Canada for the purposes described above, are subject to legal requirements in foreign countries applicable to TCPL or such third parties, for example lawful requirements to disclose personal information to government authorities in those countries.

### **Governing Law**

9. This Agreement will be governed by and construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein.

### **Entire Agreement**

10. This Agreement contains the entire agreement of the parties relating to the purchase of the TCPL Sub Notes by the Trust and there are no representations, warranties, covenants or other agreements relating to the subject matter of this Agreement except as stated or referred to in this Agreement.

## Time of the Essence

11. Time is of the essence of this Agreement.

## Severability

12. Any provision of this Agreement which is found to be unenforceable by a court of competent jurisdiction will be ineffective to the extent of such unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provisions.

## Recourse to the Trustee and the Trust

13. Where any reference is made in this Agreement to an act to be performed by or for or on behalf of the Trust, or a right or obligation of the Trust, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or a right or obligation of Valiant Trust Company (the "Trustee") for and on behalf of and in its capacity as trustee of the Trust. This Agreement will be deemed and construed for all purposes as if made by the Trustee in and only in its capacity as trustee of the Trust. Subject to the exceptions set out in the Trust's declaration of trust: (i) any liability, debt or obligation of the Trustee under this Agreement is non-recourse to the Trustee in its personal capacity and limited solely to the Trust Assets; (ii) no other property or assets of the Trustee, whether owned by it in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement; and (iii) no recourse may be had or taken, directly or indirectly, against the Trustee in its personal capacity or against any incorporator, shareholder, director, officer, representative, employee, agent or advisor of the Trustee or any predecessor or successor of the Trustee.

## Delivery of the TCPL Subordinated Note Purchase Agreement

14. TCPL and the Trust agree that two signed copies of this Agreement, together with any required forms, if any, necessary to comply with applicable securities legislation and policies, will be delivered to TCPL at Closing subject to extension through mutual agreement between TCPL and the Trust.

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## Counterparts

15. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its original signature on the execution page hereof to the other party by electronic transmission, and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving party.

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**TRANSCANADA TRUST,**  
by its Administrative Agent,  
**TRANSCANADA PIPELINES LIMITED**

By: (signed) *"Joel E. Hunter"*

Name: Joel E. Hunter

Title: Vice-President, Finance and Treasurer

By: (signed) "Christine R. Johnston"

Name: Christine R. Johnston

Title: Vice-President, Law and Corporate Secretary

### Confirmation and Acceptance

This TCPL Subordinated Note Purchase Agreement is confirmed and accepted by TCPL as of August 11, 2016.

### TRANSCANADA PIPELINES LIMITED

By: (signed) "Joel E. Hunter"

Name: Joel E. Hunter

Title: Vice-President, Finance and Treasurer

By: (signed) "Christine R. Johnston"

Name: Christine R. Johnston

Title: Vice-President, Law and Corporate Secretary

**TRANSCANADA TRUST**  
as Issuer

**TRANSCANADA PIPELINES LIMITED**  
as Credit Supporter

and

**CST TRUST COMPANY**  
as Trustee

**SECOND SUPPLEMENTAL INDENTURE**

PROVIDING FOR THE ISSUE OF

UP TO \$1,200,000,000 PRINCIPAL AMOUNT OF  
TRUST NOTES – SERIES 2016-A DUE AUGUST 15, 2076

Dated as of August 11, 2016

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**THIS SECOND SUPPLEMENTAL INDENTURE** dated as of August 11, 2016,

**BETWEEN:**

**TRANSCANADA TRUST**, a trust established under the laws of the Province of Ontario, by its administrative agent, TransCanada PipeLines Limited

(hereinafter called the “**Issuer**” or the “**Trust**”)

OF THE FIRST PART

**TRANSCANADA PIPELINES LIMITED**, a corporation existing under the federal laws of Canada and having an office in the City of Calgary in the Province of Alberta

(hereinafter called “**TCPL**” or the “**Credit Supporter**”)

OF THE SECOND PART

- and -

**CST TRUST COMPANY**, a trust company existing under the federal laws of Canada and having an office in the City of Calgary in the Province of Alberta

(hereinafter called the “**Trustee**”)

OF THE THIRD PART

WHEREAS by a trust indenture (the “**Original Indenture**”) dated as of May 20, 2015 between the Issuer and the Trustee, provision was made for the issue of subordinated notes of the Issuer without limitation as to the aggregate principal amount but issuable only subject to the provisions of the Original Indenture;

WHEREAS by a first supplemental indenture to the Original Indenture dated as of May 20, 2015, \$750,000,000 aggregate principal amount of subordinated notes of the Issuer, as a Series of Trust Notes designated as Trust Notes - Series 2015-A Due May 20, 2075, were issued;

WHEREAS the Issuer is desirous of issuing additional subordinated notes under the provisions of the Original Indenture, and this supplemental indenture, as a Series of Trust Notes to be designated as Trust Notes - Series 2016-A Due August 15, 2076;

WHEREAS the Issuer, the Credit Supporter and the Trustee have agreed to supplement the Original Indenture as herein provided;

WHEREAS all necessary action has been taken by the Issuer to make the Trust Notes - Series 2016-A, when certified by the Trustee and issued as provided in this supplemental indenture, valid, binding and legal obligations of the Issuer with the benefits and subject to the terms of the Original Indenture and to make this supplemental indenture a valid and binding agreement of the Issuer, in accordance with its terms; and

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WHEREAS the foregoing recitals are made as representations and statements of fact by the Issuer and not by the Trustee.

**NOW THEREFORE THIS INDENTURE WITNESSETH** and it is hereby covenanted, agreed and declared as follows:

## ARTICLE 1

### INTERPRETATION

#### 1.1 Definitions

In this supplemental indenture, unless there is something in the subject matter or context inconsistent therewith:

“**1970 Indenture**” means the Trust Indenture made as of the 15th day of June, 1970 between TCPL and Crown Trust Company, as amended or supplemented from time to time;

“**Additional Amounts**” has the meaning ascribed to such term in Section 2.6.1;

“**Assignment and Set-Off Agreement**” means the agreement between TCPL, the Trustee, as bare trustee and nominee for and on behalf of Holders of Trust Notes - Series 2016-A, TCC and the Issuer dated August 11, 2016 pursuant to which, among other things, TCPL granted the Deferral Event Subscription;

“**Automatic Exchange**” has the meaning ascribed to such term in the Share Exchange Agreement;

“**Automatic Exchange Event**” has the meaning ascribed to such term in the Share Exchange Agreement;

“**Automatic Exchange Event Notice**” has the meaning ascribed to such term in the Share Exchange Agreement;

“**Canadian Taxes**” has the meaning ascribed to such term in Section 2.6.1;

“**Closing Date**” means August 11, 2016;

“**Credit Supporter**” means TCPL, in its capacity as guarantor of the Trust Notes – Series 2016-A hereunder, and includes any successor entity to or of TCPL which shall have complied with the provisions of Section 6.2;

“**Deferral Date**” has the meaning ascribed to such term in the Assignment and Set-Off Agreement;

“**Deferral Event**” has the meaning ascribed to such term in the Assignment and Set-Off Agreement;

“**Deferral Event Subscription**” has the meaning ascribed to such term in the Assignment and Set-Off Agreement;

“**Deferral Event Subscription Proceeds**” has the meaning ascribed to such term in the Assignment and Set-Off Agreement;

“**Deferral Event Subscription Proceeds Assignment**” has the meaning ascribed to such term in the Assignment and Set-Off Agreement;

“**Exchange Trustee**” has the meaning ascribed to such term in the Share Exchange Agreement;

“**Excluded Holder**” has the meaning ascribed to such term in Section 2.6.1;

“**Guarantee**” means the guarantee of the Trust Notes - Series 2016-A provided by the Credit Supporter, in accordance with the terms and conditions of this supplemental indenture;

“**Guarantor Senior Indebtedness**” means obligations (other than non-recourse obligations, the obligations under the Guarantee or any other obligations specifically designated as being subordinate in right of payment to Guarantor Senior Indebtedness) of, or guaranteed or assumed by, the Credit Supporter for borrowed money or evidenced by bonds, debentures or notes or obligations of TCPL for or in respect of bankers’ acceptances (including the face amount thereof), letters of credit and letters of guarantee (including all reimbursement obligations in respect of each of the forgoing) or other similar instruments, and amendments, renewals, extensions, modifications and refundings of any such indebtedness or obligation;

“**Holders**” means the registered holders, from time to time, of the Trust Notes - Series 2016-A or, where the context requires, all of such holders;

“**Indebtedness**” means any bonds, debentures or other obligations with respect to borrowed money;

“**Ineligible Person**” means any Person whose address is in, or whom the Trust, TCPL or TCPL’s transfer agent has reason to believe is a resident of, any jurisdiction outside of Canada and the United States to the extent that: (i) the issuance or delivery by TCPL or the Trust to such Person, upon an Automatic Exchange or Deferral Event, of TCPL Exchange Preferred Shares or TCPL Deferral Preferred Shares, as applicable, would require TCPL or the Trust to take any action to comply with securities or analogous laws of such jurisdiction; or (ii) withholding tax would be applicable in connection with the delivery to such Person of TCPL Exchange Preferred Shares upon an Automatic Exchange.

“**Interest Payment Date**” means, prior to and including August 15, 2026, August 15 (other than August 15, 2016) and February 15 and, starting November 15, 2026, February 15, May 15, August 15 and November 15 of each year during which the Trust Notes – Series 2016-A are outstanding thereafter, until the Maturity Date;

“**Interest Period**” means, initially, the period from and including the Closing Date to but excluding February 15, 2017 and thereafter from and including each Interest Payment Date to but excluding, the next following Interest Payment Date;

“**Interest Reset Date**” means August 15, 2026 and every February 15, May 15, August 15 and November 15 of each year during which any Trust Notes - Series 2016-A are outstanding thereafter until the Maturity Date, on which dates the interest rate on the Trust Notes – Series 2016-A will be reset as described on the Form of Fully Registered Trust Notes - Series 2016-A attached as Schedule 2.3 hereto;

“**LIBOR**” means, for any Interest Period, the rate for U.S. dollar borrowings appearing on page LIBOR01 of the Reuters Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Trust from time to time for purposes of providing quotations of interest rates applicable to U.S. dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for U.S. Dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then “LIBOR” for such Interest Period shall be the rate at which U.S. dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of an agent selected by the Trust in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period;

“**Maturity Date**” means August 15, 2076;

“**Moody’ s**” means Moody’ s Investor Service, Inc.;

“**Original Indenture**” has the meaning ascribed to such term in the first recital to this supplemental indenture;

“**Rating Event**” means that the Trust or TCPL has received confirmation from S&P or Moody’ s that due to (i) any amendment to, clarification of, or change in hybrid capital methodology or a change in the interpretation thereof, in each case occurring or becoming effective after the date of issue of the Trust Notes – Series 2016-A; or (ii) the application of a different hybrid capital methodology or set of criteria by S&P or Moody’ s after the date of issue of the Trust Notes – Series 2016-A (due to any reason other than solely as a result of a decrease in the credit rating previously assigned to the Trust Notes – Series 2016-A, it being understood that for this purpose a “decrease in the credit rating previously assigned to the Trust Notes – Series 2016-A” means: (A) in the case of S&P, a rating below BBB; (B) in the case of Moody’ s, a rating below Baa2; and (C) in the case of a designation by another rating agency, below an equivalent rating), the Trust Notes – Series 2016-A will no longer be eligible for the same or a higher amount of “equity credit” (or such other nomenclature that S&P or Moody’ s may then use to describe “equity credit”) attributed to the Trust Notes – Series 2016-A on the date of issue of the Trust Notes – Series 2016-A.

“**S&P**” means Standard & Poor’ s Rating Services, a division of The McGraw-Hill Companies, Inc.;

“**Share Exchange Agreement**” means the Share Exchange Agreement entered into on the Closing Date among TCPL, the Issuer and the Exchange Trustee providing for, among other things, the respective rights and obligations of TCPL, the Issuer and the Holders of the Trust Notes - Series 2016-A with respect to the automatic exchange of the Trust Notes - Series 2016-A for rights to be issued TCPL Exchange Preferred Shares in connection with an Automatic Exchange;

“**Successor Entity**” has the meaning attributed to such term in section 6.2.1;

“**Tax Event**” means the Issuer, TCC or TCPL has received an opinion of independent counsel of a nationally recognized law firm in Canada or the United States experienced in such matters (who may be counsel to the Issuer, TCC or TCPL) to the effect that, as a result of, (i) any amendment

to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, or any application or interpretation thereof, of Canada or the United States or any political subdivision or taxing authority thereof or therein, affecting taxation; (ii) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an “**administrative action**”); or (iii) any amendment to, clarification of, or change in, the official position with respect to or

the interpretation of any administrative action or any interpretation or pronouncement that provides for a position with respect to such administrative action that differs from the theretofore generally accepted position, in each of case (i), (ii) or (iii), by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, administrative action, interpretation or pronouncement is made known, which amendment, clarification, change or administrative action is effective or which interpretation, pronouncement or administrative action is announced on or after the date of issue of the Trust Notes - Series 2016-A, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or administrative action is effective and applicable) that (A) the Issuer, TCC or TCPL is, or may be, subject to more than a *de minimus* amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid-up capital with respect to the Trust Notes - Series 2016-A (including the treatment by the Issuer, TCC or TCPL of interest on the TCPL Sub Notes - Series 2016-A or the Trust Notes - Series 2016-A) or the treatment of the TCPL Sub Notes - Series 2016-A or other property of the Issuer, as or as would be reflected in any tax return or form filed, to be filed, or otherwise could have been filed, will not be respected by a taxing authority, (B) the Issuer is, or will be, subject to more than a *de minimus* amount of taxes, duties or other governmental charges or civil liabilities, or (C) any payment of interest, consideration or otherwise in respect of the TCPL Sub Notes - Series 2016-A or the Trust Notes - Series 2016-A gives rise to more than a *de minimus* amount of withholding tax for the Issuer, TCC or TCPL and/or that results in the requirement to pay more than a *de minimus* amount of Additional Amounts under Section 2.6.

“**TCC**” means TransCanada Corporation and includes its successors and assigns;

“**TCPL**” means TransCanada PipeLines Limited and includes its successors and assigns;

“**TCPL Deferral Preferred Shares**” means each series of the first preferred shares of TCPL to be issued to the Holders of Trust Notes - Series 2016-A in respect of a Deferral Event;

“**TCPL Exchange Preferred Shares**” means the first preferred shares of TCPL to be issued to Holders of Trust Notes - Series 2016-A in respect of an Automatic Exchange;

“**TCPL Sub Note – Series 2016-A**” means the junior subordinated notes Series 2016-A issued by TCPL to the Trust (in an initial principal amount, on the date hereof, of \$1,200,000,000);

“**this supplemental indenture**”, “**hereto**”, “**hereby**”, “**hereunder**”, “**hereof**”, “**herein**” and similar expressions refer to this supplemental indenture and not to any particular article, section, subdivision or other portion hereof, and include any and every supplemental indenture;

“**Time of Automatic Exchange**” has the meaning ascribed to such term in the Share Exchange Agreement; and

“**Trust Notes - Series 2016-A**” means the up to \$1,200,000,000 principal amount of Trust Notes - Series 2016-A due August 15, 2076 issued by the Issuer hereunder.

Words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine gender and vice versa.

## **1.2 Interpretation Not Affected By Headings, etc.**

The division of this supplemental indenture into Articles and Sections, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this supplemental indenture.

## **1.3 Incorporation of Certain Definitions**

All terms contained in this supplemental indenture which are defined in the Original Indenture, as supplemented and amended to the date hereof, shall, for all purposes hereof, have the meanings given to such terms in the Original Indenture, as so supplemented and amended, unless otherwise defined herein or unless the context otherwise specifies or requires.

#### **1.4 Definition of “this Indenture”**

The term “this Indenture”, whenever used herein, means the Original Indenture as supplemented and amended by this supplemental indenture.

#### **1.5 Currency References**

All references to dollar (\$) amounts shall, unless otherwise expressly indicated herein, be to United States dollars.

#### **1.6 Appointment of Exchange Trustee under the Share Exchange Agreement**

Each Holder of Trust Notes – Series 2016-A, by such Holder’s acceptance thereof, hereby appoints CST Trust Company, and any successor thereto or permitted assignee thereof, to act for and on its behalf under and for the purposes contemplated in the Share Exchange Agreement as the “Exchange Trustee” thereunder and to agree to and perform its obligations as a “Holder” under the Share Exchange Agreement in accordance with the terms thereof, and hereby irrevocably and unconditionally authorizes and directs such “Exchange Trustee” to take such actions as may be necessary or appropriate to give effect to the terms of the Share Exchange Agreement (including the Automatic Exchange) and hereby appoints the “Exchange Trustee” as such Holder’s attorney-in-fact for any and all related and incidental purposes.

#### **1.7 Appointment of the Indenture Trustee**

Each Holder of Trust Notes – Series 2016-A, by such Holder’s acceptance thereof, hereby appoints the Trustee, and any successor thereto or permitted assignee thereof, to act for and on its behalf under and for the purposes contemplated in the Assignment and Set-Off Agreement and to agree to and perform its obligations as a “Holder” under the Assignment and Set-Off Agreement in accordance with the terms thereof, and hereby irrevocably and unconditionally authorizes and directs the Trustee to take such actions as may be necessary or appropriate to give effect to the terms of the Assignment and Set-Off Agreement (including the Deferral Event Subscription and the Deferral Event Subscription Proceeds

Assignment contemplated thereunder) and hereby appoints the Trustee as such Holder’s attorney-in-fact for any and all related and incidental purposes.

#### **1.8 Additional Provisions Relating to the Trust Notes – Series 2016-A.**

1.8.1 For the purposes of this supplemental indenture, and the Trust Notes – Series 2016-A:

“**Business Day**” means a day on which TCPL and the Trustee are open for business in the City of Calgary, Alberta, other than a Saturday, Sunday or any statutory or civic holiday in the City of Toronto, Ontario, the City of Calgary, Alberta or the City of New York, New York.

1.8.2 For the purposes of this supplemental indenture, and the Trust Notes – Series 2016-A, the restrictions set forth in Section 8.1 of the Original Indenture shall be supplemented by a requirement that the Issuer shall not merge, amalgamate, consolidate or otherwise combine with any other Person or convey, transfer or lease all or substantially all of its assets to any Person, unless, if the Successor Entity is organized under the laws of a jurisdiction other than the laws of Canada or any province of territory thereof or the United States, any state thereof or the District of Columbia, such Successor Entity shall assume the Issuer’s obligations under this supplemental indenture to pay Additional Amounts, with the name of such successor jurisdiction being included in addition to Canada in each place that Canada appears in Section 2.6.1.

1.8.3 For the purposes of this supplemental indenture, and the Trust Notes – Series 2016-A, in addition to the events set forth in Section 6.1.1 of the Original Indenture, each of the following events is an “**Event of Default**”:

1.8.3.1 if an order is made or an effective resolution is passed for the winding-up or liquidation of TCPL, except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Article 8 of the Original Indenture are duly observed and performed, or in the event of any other dissolution of TCPL, by operation of law; or

1.8.3.2 if TCPL makes a general assignment for the benefit of its creditors, or otherwise acknowledges its insolvency, becomes insolvent or is declared bankrupt or consents to the institution of bankruptcy or insolvency proceedings against it under any bankruptcy, insolvency or analogous laws or if a custodian, sequestrator, liquidator, receiver, receiver and manager or any other officer with similar powers is appointed of TCPL or of the property of TCPL or any part thereof which is, in the opinion of the Trustee, a substantial part thereof.

1.8.4 For the purposes of this supplemental indenture, and the Trust Notes–Series 2016-A, with respect to any matter affecting the Trust Notes–Series 2016-A or rights of the Holders thereof, “Extraordinary Resolution” means (i) the written consent of Holders of not less than a majority of the aggregate principal amount of the Trust Notes – Series 2016-A; or (ii) an extraordinary resolution proposed at a meeting of Holders of the Trust Notes – Series 2016-A where Holders of not less than a majority of the aggregate principal amount of the Trust Notes – Series 2016-A are represented in person or by proxy (or a lesser amount of holders if such meeting has been dissolved and reconvened due to failure to achieve quorum in the manner specified in the Original Indenture) and passed by the favourable votes of Holders of the Trust Notes – Series 2016-A representing not less than 66 <sup>2</sup>/<sub>3</sub>% of the aggregate principal amount of the Trust Notes – Series 2016-A represented at the meeting.

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## ARTICLE 2

### THE TRUST NOTES – SERIES 2016-A

#### 2.1 Limitation on Issue and Designation

The aggregate principal amount of the Trust Notes - Series 2016-A that may be issued and certified hereunder shall be limited to up to \$1,200,000,000 principal amount of the Trust Notes designated as “Trust Notes - Series 2016-A due August 15, 2076”. The issuance of the Trust Notes - Series 2016-A shall be subject to compliance with the terms and conditions of the 1970 Indenture relating to the creation, assumption or incurring of Funded Obligations (as such term is defined in the 1970 Indenture).

#### 2.2 Terms of Trust Notes – Series 2016-A

2.2.1 The Trust Notes - Series 2016-A shall be dated as of the Closing Date, regardless of their actual date of issue, and shall mature on the Maturity Date.

2.2.2 Subject to Section 2.2.5 below, from the Closing Date to, but excluding, August 15, 2026, the Trust Notes - Series 2016-A will bear interest at the rate of 5.875% per annum, payable in arrears in equal semi-annual payments on each Interest Payment Date, to the persons in whose names the Trust Notes - Series 2016-A are registered at the close of business on the preceding August 1 or February 1, respectively, with the first payment on February 15, 2017. Notwithstanding the foregoing, the initial interest payment payable on February 15, 2017, will be \$30.03 per \$1,000 principal amount of the Trust Notes - Series 2016-A. From August 15, 2026 and on every Interest Reset Date thereafter until August 15, 2076, the interest rate on the Trust Notes - Series 2016-A will be reset as follows: (i) starting on August 15, 2026, until August 15, 2046 at an interest rate per annum equal to the three-month LIBOR plus 4.64%, payable in arrears on each Interest Payment Date to the persons in whose names the Trust Notes - Series 2016-A are registered at the close of business on the preceding February 1, May 1, August 1 or November 1, respectively, with the first payment at such rate being on November 15, 2026 and (ii) starting on August 15, 2046 until August 15, 2076 at an interest rate per annum equal to the three-month LIBOR plus 5.39%, payable in arrears on each Interest Payment Date to the persons in whose names the Trust Notes - Series 2016-A are registered at the close of business on the preceding February 1, May 1, August 1 or November 1,

respectively, with the first payment at such rate being on November 15, 2046. Subject to Article 5, interest as aforesaid shall be payable after as well as before default, with interest on overdue interest, in like money, at the same rates and on the same dates.

2.2.3 Interest for each Interest Period from the Closing Date to, but excluding, August 15, 2026, will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest for each Interest Period from August 15, 2026 to the Maturity Date will be calculated on the basis of the actual number of days elapsed during each such Interest Period and a 360-day year. For the purposes of disclosure under the Interest Act (Canada), and without affecting the interest payable on the Trust Notes - Series 2016-A, whenever the interest rate on the Trust Notes - Series 2016-A is to be calculated on the basis of a period of less than a calendar year, the yearly interest rate equivalent for such interest rate will be the interest rate multiplied by the actual number of days in the relevant calendar year and divided by the number of days used in calculating the specified interest rate.

2.2.4 If any Interest Payment Date would otherwise fall on a day which is not a Business Day, payment shall be postponed until the next Business Day, and no further interest or other sums will accrue in respect of such postponement.

2.2.5 After the Closing Date, subject to the limit in Section 2.1, the Issuer shall be entitled to issue additional Trust Notes-Series 2016-A (“**Additional Trust Notes-Series 2016-A**”), which shall have identical terms as the Trust Notes-Series 2016-A issued on the Closing Date, other than with respect to their issue date, issue price and, if applicable, their first interest payment date and interest accrual date.

2.2.6 With respect to any Additional Trust Notes-Series 2016-A, the Issuer shall set forth in an Officer’s Certificate, a copy of which shall be delivered to the Trustee, the following information:

2.2.6.1 the aggregate principal amount of such Additional Trust Notes-Series 2016-A to be authenticated and delivered pursuant to this Indenture; and

2.2.6.2 the issue price, the issue date and the CUSIP number of such Additional Trust Notes-Series 2016-A; provided, however, that if Additional Trust Notes-Series 2016-A are issued with the same CUSIP number as any other Trust Notes-Series 2016-A previously issued under this supplemental Indenture, then such Additional Trust Notes-Series 2016-A shall be issued at a price that would not prevent such Additional Trust Notes-Series 2016-A from being treated as fungible with such previously-issued Trust Notes-Series 2016-A for U.S. federal income tax purposes; and

2.2.6.3 if applicable, the first interest payment date and interest accrual date of such Additional Trust Notes-Series 2016-A.

## 2.3 Form of Trust Notes - Series 2016-A

2.3.1 Subject to Section 2.11 of the Original Indenture, the Trust Notes - Series 2016-A shall be issued only as fully registered Trust Notes - Series 2016-A in denominations of \$1,000 and integral multiples thereof.

2.3.2 The Trust Notes - Series 2016-A and the certificate of the Trustee endorsed thereon shall be in the English language (and may be in the French language) and shall be substantially in the form set out in Schedule 2.3 hereto, with such appropriate additions, deletions, substitutions and variations as the Trustee may approve (or as may be required to issue Additional Trust Notes-Series 2016-A pursuant to Section 2.2.5) and shall bear such distinguishing letters and numbers as the Trustee may approve, such approval of the Trustee to be conclusively evidenced by its certification of the Trust Notes - Series 2016-A. In the event that any provision of the Trust Notes - Series 2016-A in the French language, if any, shall be susceptible to an interpretation different from the equivalent provision in the English language, the interpretation of such provision in the English language shall be determinative.

2.3.3 The Trust Notes - Series 2016-A may be engraved, printed or lithographed, or partly in one form and partly in another, as the Issuer may determine.

## 2.4 Registrar and Transfer Agent, Paying Agent and Calculation Agent

The Issuer hereby appoints the Trustee as the registrar and transfer agent and paying agent of the Trust Notes - Series 2016-A and the Trustee hereby accepts such appointment. The Issuer hereby appoints the Trustee as the calculation agent to determine the amount of floating rate interest payable on the Trust Notes - Series 2016-A from and after August 15, 2026.

## 2.5 Rights of Set-Off

Notwithstanding Section 4.8 of the Original Indenture, each party may set-off against amounts owing by it hereunder to another Person any amounts owing or accruing due by such Person to it or any of its Affiliates, without duplication, including pursuant to the Share Exchange Agreement and the Assignment and Set-Off Agreement.

## 2.6 Additional Amounts

2.6.1 All payments made by or on account of any obligation of the Issuer under or with respect to the Trust Notes – Series 2016-A, or by or on account of any obligation of the Credit Supporter under or with respect to the Guarantee, shall be made free and clear of and without withholding or deduction for, or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of Canada or any province or territory thereof or by any authority or agency therein or thereof having power to tax (hereinafter, “**Canadian Taxes**”), unless the Issuer or the Credit Supporter is required to withhold or deduct Canadian Taxes by law or by the interpretation or administration thereof by the relevant government authority or agency. If the Issuer or the Credit Supporter is so required to withhold or deduct any amount for or on account of Canadian Taxes from any payment made under or with respect to the Trust Notes – Series 2016-A or the Guarantee, the Issuer or the Credit Supporter shall pay as additional interest such additional amounts (“**Additional Amounts**”) as may be necessary so that the net amount received by each Holder (including Additional Amounts) after such withholding or deduction shall not be less than the amount the Holder would have received if such Canadian Taxes had not been withheld or deducted; provided, however, that no Additional Amounts shall be payable with respect to a payment made to a Holder (an “**Excluded Holder**”) in respect of a beneficial owner (i) with which the Issuer or the Credit Supporter does not deal at arm’s length (for purposes of the *Income Tax Act* (Canada)) at the time of the making of such payment, (ii) which is subject to such Canadian Taxes by reason of such Holder’s failure to comply with any certification, identification, information, documentation or other reporting requirement if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in, the rate of deduction or withholding of, such Canadian Taxes, (iii) where all or any portion of the amount paid to such Holder is deemed to be a dividend paid to such Holder pursuant to subsection 214(16) of the *Income Tax Act* (Canada), or (iv) which is subject to such Canadian Taxes by reason of its carrying on business in or being connected with Canada or any province or territory thereof otherwise than by the mere holding of Trust Notes – Series 2016-A or the receipt of payments thereunder. The Issuer or the Credit Supporter shall make such withholding or deduction and remit the full amount deducted or withheld to the relevant authority as and when required under applicable law.

2.6.2 If a Holder has received a refund or credit for any Canadian Taxes with respect to which the Issuer or the Credit Supporter has paid Additional Amounts pursuant to this Section 2.6, such Holder shall pay over such refund to the Issuer or the Credit Supporter (but only to the extent of such Additional Amounts), net of all out-of-pocket expenses of such Holder, together with any interest paid by the relevant tax authority in respect of such refund.

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2.6.3 If Additional Amounts are required to be paid under this Section 2.6 as a result of a Tax Event, the Issuer may elect to redeem outstanding Trust Notes – Series 2016-A pursuant to Section 3.3.

## ARTICLE 3

### REDEMPTION AND PURCHASE FOR CANCELLATION OF THE TRUST NOTES – SERIES 2016-A

### **3.1 Redemption of Trust Notes - Series 2016-A at the Option of the Issuer**

On or after August 15, 2026, the Issuer may, at its option or at the direction of TCPL, redeem the Trust Notes – Series 2016-A in whole at any time or in part from time to time on any Interest Payment Date and on not less than 30 days nor more than 60 days prior notice to the Holders thereof, without the consent of the Holders, at a redemption price per \$1,000 principal amount of the Trust Notes - Series 2016-A equal to par, together with accrued and unpaid interest to, but excluding, the date fixed for redemption.

### **3.2 Partial Redemption of Trust Notes - Series 2016-A**

3.2.1 If less than all the Trust Notes – Series 2016-A are to be redeemed pursuant to Section 3.1, the Issuer shall, at least 15 days prior to the date that notice of redemption is given, notify the Trustee by Written Order of the Issuer of its intention to redeem the aggregate principal amount of the Trust Notes - Series 2016-A to be redeemed. The Trust Notes - Series 2016-A to be redeemed shall be selected by the Trustee on a pro rata basis, disregarding fractions, according to the principal amount of the Trust Notes - Series 2016-A registered in the respective names of each Holder, or in such other manner as the Trustee may consider equitable, provided that such selection shall be proportionate (to the nearest minimum authorized denomination for the Trust Notes - Series 2016-A established pursuant to Section 2.3).

3.2.2 If the Trust Notes - Series 2016-A in denominations in excess of the minimum authorized denomination for the Trust Notes - Series 2016-A are selected and called for redemption in part only (such part being that minimum authorized denomination or an integral multiple thereof) then, unless the context otherwise requires, references to the Trust Notes - Series 2016-A in this Article 3 shall be deemed to include any such part of the principal amount of the Trust Notes - Series 2016-A which shall have been so selected and called for redemption. The Holder of any Trust Notes - Series 2016-A called for redemption in part only, upon surrender of such Trust Notes - Series 2016-A for payment, shall be entitled to receive, without expense to such Holder, new Trust Notes - Series 2016-A for the unredeemed part of the Trust Notes - Series 2016-A so surrendered, and the Issuer shall execute and the Trustee shall certify and deliver, at the expense of the Issuer, such new Trust Notes - Series 2016-A having the same terms as are set out herein upon receipt from the Trustee or the Paying Agent of the Trust Notes - Series 2016-A so surrendered.

### **3.3 Early Redemption upon a Tax Event**

The Issuer may, at its option, redeem all (but not less than all) of the Trust Notes - Series 2016-A upon the occurrence of a Tax Event on not less than 30 days nor more than 60 days prior notice to the Holders thereof, without the consent of the Holders. The redemption price per \$1,000 principal amount of the Trust Notes - Series 2016-A shall be equal to par together with accrued and unpaid interest to, but excluding, the date fixed for redemption.

### **3.4 Early Redemption upon Rating Event**

The Issuer may, at its option, redeem all (but not less than all) of the Trust Notes - Series 2016-A at any time upon or following the occurrence of a Rating Event on not less than 30 days nor more than 60 days prior notice to the Holders thereof, without the consent of the Holders. The redemption price per \$1,000 principal amount of the Trust Notes - Series 2016-A shall be equal to par plus \$20 together with accrued and unpaid interest to, but excluding, the date fixed for redemption.

### **3.5 Notice of Redemption**

Subject to Section 4.2, notice of any intention to redeem any Trust Notes - Series 2016-A shall be given by or on behalf of the Issuer to the Holders of the Trust Notes - Series 2016-A which are to be redeemed, not more than 60 days and not less than 30 days prior to the date fixed for redemption, in the manner provided in the Original Indenture. The notice of redemption shall, unless all the Trust Notes - Series 2016-A then outstanding are to be redeemed, specify the distinguishing letters and numbers of the Trust Note - Series 2016-A which are to be redeemed and, if a Trust Notes - Series 2016-A is to be redeemed in part only, shall specify that part of the principal amount thereof to be redeemed, and shall specify the redemption date, the redemption price and places of payment and shall state that all interest on the Trust Notes - Series 2016-A called for redemption shall cease from and after such redemption date.

### **3.6 Purchase of the Trust Notes - Series 2016-A for Cancellation**

3.6.1 The Issuer may, upon the direction of TCPL, purchase all or any of the Trust Notes - Series 2016-A in the open market (which may include purchases from or through an investment dealer or a firm holding membership on or that is a participant of a recognized stock exchange) or by invitation for tenders or by private contract and, in each case, at any price, payable in cash.

3.6.2 If, upon an invitation for tenders, more Trust Notes - Series 2016-A than the Issuer is willing to purchase are tendered at the same lowest price, the Trust Notes - Series 2016-A to be purchased by the Issuer shall be selected by the Trustee pro rata, or in such other manner as the Trustee may consider equitable in compliance with applicable law, from the Trust Notes - Series 2016-A tendered by each Holder who tendered at such lowest price. For this purpose, the Trustee may make, and from time to time amend, regulations with respect to the manner in which the Trust Notes - Series 2016-A may be so selected and regulations so made shall be valid and binding upon all Holders, notwithstanding the fact that, as a result thereof, one or more of such Trust Notes - Series 2016-A become subject to purchase in part only. The Holder of any Trust Notes - Series 2016-A of which a part only is purchased, upon surrender of such Trust Notes - Series 2016-A for payment, shall be entitled to receive, without expense to such Holder, one or more new Trust Notes - Series 2016-A for the unpurchased part so surrendered and the Trustee shall certify and deliver such new Trust Notes - Series 2016-A upon receipt of the Trust Notes - Series 2016-A so surrendered.

### **3.7 Cancellation of the Trust Notes - Series 2016-A**

All Trust Notes - Series 2016-A redeemed and all Trust Notes - Series 2016-A purchased under this Article 3 shall forthwith be delivered to the Trustee and shall be cancelled by it and will not be reissued or resold, and except as provided in subsection 3.6.2, no Trust Notes - Series 2016-A shall be issued in substitution therefor.

## **ARTICLE 4**

### **AUTOMATIC EXCHANGE**

#### **4.1 Automatic Exchange**

4.1.1 On the occurrence of an Automatic Exchange Event, whether before or after the occurrence of any Event of Default, each Holder of Trust Notes - Series 2016-A then outstanding shall give full effect to the Automatic Exchange pursuant to and in accordance with the Share Exchange Agreement. To that end, in accordance with the Share Exchange Agreement, all Trust Notes - Series 2016-A held by a Holder shall be deemed to have been automatically exchanged and transferred to TCPL at a price, for each \$1,000 principal amount of Trust Notes - Series 2016-A, equal to one newly issued and fully paid TCPL Exchange Preferred Share with a stated issue price of \$1,000 per share, together with such number of TCPL Exchange Preferred Shares (including fractional shares, where applicable) calculated by dividing the amount of accrued and unpaid interest on each \$1,000 principal amount of Trust Notes - Series 2016-A from the immediately preceding Interest Payment Date to, but excluding, the date of the Automatic Exchange Event, by \$1,000. As full and final payment of such price, in accordance with the Share Exchange Agreement, a Holder of Trust Notes - Series 2016-A shall receive, and be deemed to have received and accepted, as of the Time of Automatic Exchange, the right to be issued one newly issued and fully paid TCPL Exchange Preferred Share with a stated issue price of \$1,000 per share, together with such number of TCPL Exchange Preferred Shares (including fractional shares, where applicable) calculated by dividing the amount of accrued and unpaid interest on each \$1,000 principal amount of Trust Notes - Series 2016-A from the immediately preceding Interest Payment Date to, but excluding, the date of the Automatic Exchange Event by \$1,000, per \$1,000 principal amount of Trust Notes - Series 2016-A held by the Holder. The foregoing exchange, transfer, receipt and acceptance shall be automatically effected in accordance with the Share Exchange Agreement and shall not require any conveyance, confirmation or further action being taken by the Trust, the Exchange Trustee or the Holders in order to give full effect to same. For greater certainty, any Trust Notes - Series 2016-A purchased or redeemed by the Trust prior to the Time of Automatic Exchange shall be deemed not to be outstanding, and shall not be subject to the Automatic Exchange.

4.1.2 Pursuant to the Share Exchange Agreement, as of the Time of Automatic Exchange and on a basis consistent with the terms of this Agreement, each Holder of Trust Notes – Series 2016-A shall be deemed to have exchanged and transferred to TCPL all of such Holder’s right, title and interest in and to the Trust Notes – Series 2016-A registered in its name and shall thereupon cease to be a Holder of such Trust Notes – Series 2016-A and all rights of such Holder as a debtholder of the Trust shall cease, and each Holder shall thereupon and thereafter be deemed hereunder to be entitled to receive the corresponding number of TCPL Exchange Preferred Shares (including fractional shares, where applicable) contemplated in Section 3.3 of the Share Exchange Agreement.

## **4.2 Redemption by Issuer following Automatic Exchange**

4.2.1 This Section shall apply to any redemption by the Issuer of the Trust Notes - Series 2016-A following an Automatic Exchange in the circumstances described in subsection 4.2.2 and shall apply in accordance with its terms notwithstanding the subordination provisions of Article 4 of the Original Indenture and Article 6 hereof, which shall not apply in the case of such a redemption. For greater certainty, redemption by the Issuer under this Section 4.2 may occur at any time after the Closing Date, including prior to August 15, 2026.

4.2.2 Subject to subsection 4.2.3, if for any reason an Automatic Exchange does not result in the exchange of all Trust Notes - Series 2016-A then outstanding for the right to be issued TCPL Exchange Preferred Shares (including fractional shares, where applicable) in accordance with the Share Exchange Agreement, the Issuer shall, without any requirement for notice or further action on the part of any Person, forthwith redeem all such Trust Notes - Series 2016-A not so exchanged for consideration consisting of one TCPL Exchange Preferred Share per \$1,000 principal amount of the Trust Notes - Series 2016-A, together with the number of TCPL Exchange Preferred Shares (including fractional shares, where applicable) calculated by dividing the amount of accrued and unpaid interest on each \$1,000 principal amount of the Trust Notes - Series 2016-A from, and including, the immediately preceding Interest Payment Date to, but excluding, the date of the Automatic Exchange Event by \$1,000. For this purpose, the Issuer shall exercise the “Series 2016-A Subscription Right” pursuant to the Share Exchange Agreement to require TCPL to issue to the Issuer sufficient TCPL Exchange Preferred Shares (including fractional shares, where applicable) to complete and give effect to such redemption. The Trust Notes - Series 2016-A redeemed pursuant to this subsection 4.2.2 shall be cancelled and shall not be reissued.

4.2.3 The Issuer need not give notice of redemption prior to the exercise of the foregoing rights of redemption if TCPL has given an Automatic Exchange Event Notice. The redemption will be deemed to have been effected and the consideration paid at the Time of Automatic Exchange. From and after the Time of Automatic Exchange, each Holder of the Trust Notes - Series 2016-A (if any) whose Trust Notes - Series 2016-A were for any reason not exchanged for TCPL Exchange Preferred Shares by the operation of the Automatic Exchange and instead were redeemed by the Trust under this Section, shall automatically cease to be a Holder and instead shall, subject to Section 4.3, be entitled only to receive TCPL Exchange Preferred Shares (including fractional shares, where applicable) or such other consideration as is contemplated herein in respect of such Trust Notes - Series 2016-A held by such Holder.

## **4.3 Right not to Deliver the TCPL Exchange Preferred Shares**

4.3.1 Pursuant to the Share Exchange Agreement, on an Automatic Exchange or a redemption of the Trust Notes - Series 2016-A following an Automatic Exchange Event, TCPL has reserved the right not to issue TCPL Exchange Preferred Shares to any Ineligible Person. In those circumstances, TCPL shall issue to the Trustee, and the Trustee shall hold, all TCPL Exchange Preferred Shares (including fractional shares, where applicable) that would otherwise be delivered to the Ineligible Persons, and the Trustee shall deliver such shares to a broker retained by TCPL for the purpose of effecting the sale (to Persons other than TCPL, its Affiliates and other Ineligible Persons) on behalf of such Ineligible Persons of such TCPL Exchange Preferred Shares. Those sales (if any) may be made at any time and at any price and none of the Trust, the Trustee or TCPL shall be subject to any liability for failing to sell such TCPL Exchange Preferred Shares on behalf of any such Ineligible Persons or at any particular price on any particular day. The net proceeds received by the Trustee from the sale of any such TCPL Exchange Preferred Shares shall be divided, in accordance with the Share Exchange Agreement, among the Ineligible Persons in proportion to the number of TCPL Exchange Preferred Shares that would otherwise have been delivered to them, after deducting the costs of sale and any applicable withholding taxes. The Trustee shall make payment of the aggregate net proceeds to DTC (if the Trust Notes – Series 2016-A are then held in the book-entry only system) in accordance with the customary practices and procedures of DTC or in all other cases to such Ineligible Persons, or such other

Indenture, for distribution to such Ineligible Persons, in each case, in accordance with customary practices and procedures of the Trustee or the registrar and transfer agent, as applicable.

## **ARTICLE 5**

### **DEFERRAL RIGHT**

#### **5.1 Application of Interest**

On each Deferral Date, and notwithstanding the subordination provisions of Article 4 of the Original Indenture and Article 6 hereof which shall not apply in the case of a Deferral Event Subscription, interest payable in respect of the Trust Notes – Series 2016-A on such Interest Payment Date to Holders of Trust Notes – Series 2016-A shall be paid by the Trust as Deferral Event Subscription Proceeds to give effect to the related Deferral Event Subscription Proceeds Assignment by each Holder in order to complete each such Holder's obligations in respect of the related Deferral Event Subscription. Pursuant to the Assignment and Set-Off Agreement, such Deferral Event Subscription Proceeds Assignment shall constitute the full and final payment by the Holders for and in respect of the purchase price payable by each Holder in relation to its related Deferral Event Subscription and TCPL is required to issue and deliver to each Holder (in the manner contemplated in the Assignment and Set-Off Agreement) a number of TCPL Deferral Preferred Shares (including fractional shares, if applicable) calculated by dividing (a) the amount of the interest payment on the Trust Notes – Series 2016-A that has not been paid in cash to such Holder on the Deferral Date, by (b) the stated issue price of the applicable series of TCPL Deferral Preferred Shares.

#### **5.2 Acknowledgement of Holders**

Each Deferral Event Subscription shall be effected by the Trustee, acting pursuant to the Assignment and Set-Off Agreement, on behalf of the applicable Holders and TCPL. The provisions of the Assignment and Set-Off Agreement are hereby acknowledged and deemed accepted by Holders of Trust Notes – Series 2016-A, by and through the Indenture Trustee acting as bare trustee and nominee in accordance with and subject to the terms of the Assignment and Set-Off Agreement.

#### **5.3 No Limit**

There shall be no limit on the number of Deferral Events that may occur.

#### **5.4 Right not to Deliver the TCPL Deferral Preferred Shares**

Pursuant to the Assignment and Set-Off Agreement, upon a Deferral Event, TCPL has the right not to issue TCPL Deferral Preferred Shares to any Ineligible Person. In those circumstances, TCPL will issue to the Trustee, and the Trustee shall hold, all TCPL Deferral Preferred Shares (including fractional shares, where applicable) that would otherwise be delivered to Ineligible Persons, and the Trustee shall deliver such shares to a broker retained by TCPL for the purpose of effecting the sale (to Persons other than TCPL and its Affiliates or other Ineligible Persons) on behalf of such Ineligible Persons of such TCPL Deferral Preferred Shares. Such sales, if any, may be made at any time and at any price and none of the Trust, the Trustee or TCPL will be subject to any liability for failing to sell such TCPL Deferral Preferred Shares on behalf of any such Ineligible Persons or at any particular price on any particular day. The net proceeds received by the Trustee from the sale of any such TCPL Deferral Preferred Shares shall be divided among the Ineligible Persons in proportion to the number of TCPL Deferral Preferred Shares that would otherwise have been delivered to them, after deducting any related costs of sale and any applicable withholding taxes. The Trustee shall make payment of the aggregate net proceeds to DTC (if

the Trust Notes - Series 2016-A are then held in the DTC book-entry only system) in accordance with the customary practices and procedures of DTC or in all other cases to such Ineligible Persons, or such other registrar and transfer agent who may have been appointed in respect of the Trust Notes – Series 2016-A in accordance with the terms of the Original Indenture, for distribution to such Ineligible Persons, in each case, in accordance with customary practices and procedures of the Trustee or the registrar and transfer agent, as applicable.

## ARTICLE 6

### GUARANTEE

#### 6.1 Guarantee of Trust Notes – Series 2016-A

6.1.1 The Credit Supporter hereby guarantees, on a subordinated basis as provided herein, the due and punctual payment of the principal amount of and interest on (including, in case of default, interest on the amount in default) the Trust Notes - Series 2016-A when and as the same becomes due and payable, whether at their respective due dates, on redemption or otherwise, in each case in accordance with the terms of the Trust Notes - Series 2016-A, the Original Indenture and this supplemental indenture. The Credit Supporter also hereby guarantees, on a subordinated basis as provided herein, the performance by the Trust of its obligations (if any) to and in favour of the Holders of the Trust Notes - Series 2016-A, pursuant to the Share Exchange Agreement (including in respect of the Automatic Exchange) and the Assignment and Set-Off Agreement (including in respect of the Deferral Event Subscription and the Deferral Event Subscription Proceeds Assignment). The Guarantee shall be a direct, unsecured, subordinated obligation of the Credit Supporter as provided herein. For greater certainty, (a) in the event of an Automatic Exchange, the entitlement of the Holders is solely to receive TCPL Exchange Preferred Shares as contemplated in Article 4, (b) in the event of a Deferral Event, the Holders shall be required to complete the applicable Deferral Event Subscription, and (c) in such events, the Guarantee shall be a guarantee with respect to the delivery of TCPL Exchange Preferred Shares or TCPL Deferral Preferred Shares, as applicable, and the completion, validity and enforceability of the Automatic Exchange or the Deferral Event Subscription shall not be limited or affected by this Guarantee.

6.1.2 The Credit Supporter agrees that the Trustee and each of the Holders may grant extensions of time or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Issuer and other parties and securities as the Trustee or such Holder may see fit and may apply all monies received from the Issuer or others or from securities upon such part of the Issuer's liability under this supplemental indenture as the Trustee may think best without prejudice to or in any way limiting or lessening the liability of the Credit Supporter under this supplemental indenture.

6.1.3 None of the Trustee or the Holders shall be bound to exhaust its recourse against the Issuer before being entitled to payment from the Credit Supporter under this supplemental indenture.

6.1.4 Any loss of or in respect of the securities received by the Trustee or any of the Holders from the Issuer or any other Person, whether occasioned through the fault of the Trustee or a Holder, or otherwise, shall not discharge *pro tanto* or limit or lessen the liability of the Credit Supporter under this supplemental indenture.

6.1.5 Any change or changes in the name of the Issuer shall not affect or in any way limit or lessen the liability of the Credit Supporter hereunder.

6.1.6 All monies in fact borrowed or obtained by the Issuer upon the issue of the Trust Notes - Series 2016-A under this supplemental indenture shall be deemed to form part of the liabilities hereby guaranteed notwithstanding any limitation of status or of power of the Issuer or agents of the Issuer or that the Issuer may not be a legal entity or any irregularity, defect or informality in the borrowing or obtaining of such monies.

6.1.7 Any account settled or stated by or between the Trustee on behalf of the Holders and the Issuer in relation to this supplemental indenture shall be accepted by the Credit Supporter as conclusive evidence that the balance or amount thereby appearing due by the Issuer is so due, absent manifest error or proof to the contrary.

6.1.8 The Credit Supporter shall make payment to the Trustee on behalf of the Holders of the amount of the liability of the Credit Supporter, forthwith after demand therefor is made in writing, and in any event within 15 days of any failure by the Issuer to make a payment as stipulated herein, and such demand shall be conclusively deemed to have been effectually made when made in accordance with Section 6.4 below.

6.1.9 The Guarantee provided under this supplemental indenture is in addition to and without prejudice to any securities of any kind (including, guarantees and postponement agreements, whether or not in the same form as this instrument) now or hereafter held by the Trustee on behalf of the Holders.

6.1.10 In the event that pursuant to any applicable statute or common law, the amount of any payment made hereunder by the Credit Supporter to the Trustee or any of the Holders (including actual or imputed interest thereon) must be repaid by the Trustee or such Holder to the Credit Supporter, whether by virtue of any fraudulent preference or conveyance legislation or otherwise howsoever, the Credit Supporter shall remain liable hereunder for the amount of such repayment notwithstanding any prior termination or release of the Guarantee by the Trustee and any such prior termination or release shall at all times be and be treated to be subject to this paragraph.

6.1.11 To the extent that the Credit Supporter makes a payment to a Holder of the Trust Notes - Series 2016-A, the Credit Supporter shall be subrogated to all of the Holder's rights and entitlements under the applicable Trust Notes - Series 2016-A, which shall remain outstanding.

## **6.2 Consolidation, amalgamation, merger, conveyance, transfer or lease**

The Credit Supporter shall not merge, amalgamate, consolidate or otherwise combine with any other Person or convey, transfer or lease all or substantially all of its assets to any Person, unless:

6.2.1 in case the Credit Supporter shall consolidate or amalgamate with or merge into another Person or convey, transfer or lease all or substantially all of its assets to any Person, the Person formed by, or resulting from, such consolidation or amalgamation or into which the Credit Supporter, as the case may be, is merged or the Person that acquires by conveyance or transfer, or which leases, all or substantially all of the assets of the Credit Supporter (the "**Successor Entity**") shall be the Credit Supporter or a corporation, partnership or trust, organized and validly existing and shall expressly assume and be legally responsible for the Guarantee and to perform all

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obligations of the Credit Supporter under this supplemental indenture, by supplemental indenture satisfactory to the Trustee executed and delivered to the Trustee by such Person;

6.2.2 immediately after such consolidation, amalgamation, merger, conveyance, transfer or lease the Successor Entity must not be in default in the performance of the covenants and conditions of this supplemental indenture to be performed by the Credit Supporter;

6.2.3 if the Successor Entity is organized under the laws of a jurisdiction other than the laws of Canada or any province or territory thereof or the United States, any state thereof or the District of Columbia, such Successor Entity shall assume the Credit Supporter's obligations under this supplemental indenture to pay Additional Amounts, with the name of such successor jurisdiction being included in addition to Canada in each place that Canada appears in Section 2.6 hereof; and

6.2.4 the Credit Supporter has delivered to the Trustee an officers' certificate and an opinion of Counsel, each stating that such consolidation, amalgamation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

### **6.3 Successor Substituted**

Upon any consolidation or amalgamation of the Credit Supporter with, or merger of the Credit Supporter into, any other Person or any conveyance, transfer or lease of all or substantially all of the assets of the Credit Supporter in accordance with section 6.2, the Successor Entity shall succeed to, and be substituted for, and may exercise every right and power of the Credit Supporter under this supplemental indenture with the same effect as if such Successor Entity had been named as the Credit Supporter herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this supplemental indenture and the Guarantee.

### **6.4 Notice to the Credit Supporter**

Any notice to the Credit Supporter under the provisions of this supplemental indenture shall be valid and effective if delivered personally to, by facsimile or, if given by first class mail, postage prepaid, addressed to, the Credit Supporter at 450 - 1st Street SW, Calgary, Alberta T2P 5H1, Attention: Corporate Secretary, facsimile: (403) 920-2467, and shall be deemed to have been given on the date of delivery, the Business Day immediately following the date such notice has been sent by facsimile or on the third Business Day after such letter has been mailed, as the case may be. The Credit Supporter may from time to time notify the Trustee of a change in address, which thereafter, until changed by a further notice, shall be the address of the Credit Supporter for all purposes of this Indenture.

### **6.5 Reports by the Credit Supporter**

The Credit Supporter covenants:

6.5.1 to file with the Trustee, within 15 days after the Credit Supporter is required to file the same with the U.S. Securities and Exchange Commission (the "Commission"), copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Credit Supporter may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or if the Credit

Supporter is not required to file information, documents, or reports pursuant to either of such Sections, then to file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents, and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a debt security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

6.5.2 to file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents, and reports with respect to compliance by the Credit Supporter with the conditions and covenants provided for in the Original Indenture and this supplemental indenture as may be required from time to time by such rules and regulations; and

6.5.3 to transmit by mail to the Holders of the Trust Notes- Series 2016 -A, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act of 1939, such summaries of any information, documents and reports required to be filed by the Credit Supporter pursuant to subsections 6.5.1 and 6.5.2 of this Section as may be required to be transmitted to such Holders by rules and regulations prescribed from time to time by the Commission.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Credit Supporter's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on certificates of officers of the Credit Supporter) and the filing of such reports, information and documents by or at the direction of the Credit Supporter on the Electronic Data Gathering, Analysis, and Retrieval system of the Commission (or any successor system) shall be deemed to constitute filing with the Trustee for the purposes of this Section 6.5.

## ARTICLE 7

### SUBORDINATION OF GUARANTEE

#### 7.1 Guarantee Subordinated to Guarantor Senior Indebtedness

7.1.1 The Credit Supporter covenants and agrees, and each Holder of Trust Notes - Series 2016-A, by the acceptance thereof, likewise covenants and agrees, that the Guarantee by the Credit Supporter is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of Guarantor Senior Indebtedness.

7.1.2 In the event (a) of any insolvency or bankruptcy proceedings or any receivership, liquidation, reorganization or other similar proceedings in respect of the Credit Supporter or a substantial part of its property, or of any proceedings for liquidation, dissolution or other winding up of the Credit Supporter, whether or not involving insolvency or bankruptcy, or (b) subject to the provisions of Section 7.2 that (i) a default shall have occurred with respect to the payment of principal or interest on or other monetary amounts due and payable on any Guarantor Senior Indebtedness, or (ii) there shall have occurred an event of default (other than a default in the payment of principal or interest or other monetary amounts due and payable) in respect of any Guarantor Senior Indebtedness, as defined therein or in the instrument under which the same is outstanding, permitting the holder or holders thereof to accelerate the maturity thereof (with notice or lapse of time, or both), and such event of default shall have continued beyond the period of grace, if any, in respect thereof, and, in the cases of subclauses (i) and (ii) of this clause (b),

such default or event of default shall not have been cured or waived or shall not have ceased to exist, or (c) that the principal of and accrued interest on the Trust Notes - Series 2016-A shall have been declared due and payable and such declaration shall not have been rescinded and annulled, then:

7.1.2.1 the holders of all Guarantor Senior Indebtedness shall first be entitled to receive payment of the full amount due thereon, or provision shall be made for such payment in money or money's worth, before the Holders of any of the Trust Notes - Series 2016-A are entitled to receive a payment from the Credit Supporter under the Guarantee;

7.1.2.2 any payment by, or distribution of assets of, the Credit Supporter of any kind or character, whether in cash, property or securities, to which the Holders of any of the Trust Notes - Series 2016-A or the Trustee would be entitled except for the provisions of this Article shall be paid or delivered by the person making such payment or distribution, whether a trustee in bankruptcy, a receiver, receiver and manager or liquidating trustee or otherwise, directly to the holders of such Guarantor Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Guarantor Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of such Guarantor Senior Indebtedness held or represented by each, to the extent necessary to make payment in full of all Guarantor Senior Indebtedness remaining unpaid after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Guarantor Senior Indebtedness, before any payment or distribution is made to the holders of the Trust Notes - Series 2016-A or to the Trustee under the Guarantee; and

7.1.2.3 in the event that, notwithstanding the foregoing, any payment by, or distribution of assets of, the Credit Supporter of any kind or character, whether in cash, property or securities, in respect of the Guarantee, shall be received by the Trustee or the Holders of any of the Trust Notes - Series 2016-A before all Guarantor Senior Indebtedness is paid in full, or provision made for such payment in money or money's worth, such payment or distribution in respect of the Guarantee shall be paid over to the holders of such Guarantor Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any such Guarantor Senior Indebtedness may have been issued, ratably as aforesaid, for application to the payment of all Guarantor Senior Indebtedness remaining unpaid until all such Guarantor Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Guarantor Senior Indebtedness.

## **7.2 Disputes with Holders of Certain Guarantor Senior Indebtedness**

Any failure by the Credit Supporter to make any payment on or perform any other obligation under Guarantor Senior Indebtedness, other than any indebtedness incurred by the Credit Supporter or assumed or guaranteed, directly or indirectly, by the Credit Supporter for money borrowed (or any deferral, renewal, extension or refunding thereof) or any indebtedness or obligation as to which the provisions of this Section shall have been waived by the Credit Supporter in the instrument or instruments by which the Credit Supporter incurred, assumed, guaranteed or otherwise created such indebtedness or obligation, shall not be deemed a default or event of default under Section 7.1.2(b) if (a) the Credit Supporter shall be disputing its obligation to make such payment or perform such obligation and (b)

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either (i) no final judgment relating to such dispute shall have been issued against the Credit Supporter which is in full force and effect and is not subject to further review, including a judgment that has become final by reason of the expiration of the time within which a party may seek further appeal or review, and (ii) in the event of a judgment that is subject to further review or appeal has been issued, the Credit Supporter shall in good faith be prosecuting an appeal or other proceeding for review and a stay of execution shall have been obtained pending such appeal or review.

## **7.3 Subrogation**

Subject to the payment in full of all Guarantor Senior Indebtedness, the Holders shall be subrogated (equally and ratably with the holders of all obligations of the Credit Supporter which by their express terms are subordinated to Guarantor Senior Indebtedness of the Credit Supporter to the same extent as the Guarantee is subordinated and which are entitled to like rights of subrogation) to the rights of the holders of Guarantor Senior Indebtedness to receive payments or distributions of cash, property or securities of the Credit Supporter applicable to the Guarantor Senior Indebtedness until all amounts owing on the Guarantee shall be paid in full, and as between the Credit Supporter, its creditors other than holders of such Guarantor Senior Indebtedness and the Holders, no such payment or distribution made to the holders of Guarantor Senior Indebtedness by virtue of this Article that otherwise would have been made to the Holders shall be deemed to be a payment by the Credit Supporter on account of such Guarantor Senior Indebtedness, it being understood that the provisions of this Article are and are intended solely for the purpose of defining the relative rights of the Holders, on the one hand, and the holders of Guarantor Senior Indebtedness, on the other hand.

## **7.4 Obligation of Credit Supporter Unconditional**

7.4.1 Nothing contained in this Article or elsewhere in this supplemental indenture or in the Guarantee is intended to or shall impair, as among the Credit Supporter, its creditors other than the holders of Guarantor Senior Indebtedness and the Holders, the obligation of the Credit Supporter, which is absolute and unconditional, to pay to the Holders the amounts payable under the Guarantee as and when the same shall become due and payable in accordance with its terms, or is intended to or shall affect the relative rights of the Holders and creditors of the Credit Supporter other than the holders of Guarantor Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or any Holder from exercising all remedies otherwise

permitted by applicable law under the Guarantee, subject to the rights, if any, under this Article of the holders of Guarantor Senior Indebtedness in respect of cash, property or securities of the Credit Supporter received upon the exercise of any such remedy.

7.4.2 Upon payment or distribution of assets of the Credit Supporter referred to in this Article, the Trustee and the Holders shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which any such dissolution, winding up, liquidation or reorganization proceeding affecting the affairs of the Credit Supporter is pending or upon a certificate of the trustee in bankruptcy, receiver, receiver and manager, assignee for the benefit of creditors, liquidating trustee or agent or other person making any payment or distribution, delivered to the Trustee or to the Holders, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of the Guarantor Senior Indebtedness and other indebtedness of the Credit Supporter, the amount thereof or payable thereon, the amount paid or distributed thereon and all other facts pertinent thereto or to this Article.

## **7.5 Payments on Guarantee Permitted**

Nothing contained in this Article or elsewhere in this supplemental indenture or in the Guarantee shall affect the obligations of the Credit Supporter to make, or prevent the Credit Supporter from making, payment of amounts owing under the Guarantee in accordance with the provisions hereof and thereof, except as otherwise provided in this Article.

## **7.6 Effectuation of Subordination by Trustee**

Each Holder of Trust Notes - Series 2016-A, by his acceptance thereof, authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee his attorney-in-fact for any and all such purposes.

## **7.7 Knowledge of Trustee**

Notwithstanding the provisions of this Article or any other provisions of this supplemental indenture, the Trustee shall not be charged with knowledge of the existence of any facts that would prohibit the making of any payment of moneys under the Guarantee to or by the Trustee, or the taking of any other action by the Trustee, unless and until the Trustee shall have received written notice thereof mailed or delivered to the Trustee from the Credit Supporter, any Holder, any paying agent or the holder or representative of any class of Guarantor Senior Indebtedness; provided that if at least three Business Days prior to the date upon which by the terms hereof any such moneys may become payable for any purpose the Trustee shall not have received with respect to such moneys the notice provided for in this Section, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such moneys and to apply the same to the purpose for which they were received and shall not be affected by any notice to the contrary that may be received by it within three Business Days prior to or on or after such date.

## **7.8 Trustee May Hold Guarantor Senior Indebtedness**

The Trustee shall be entitled to all the rights set forth in this Article with respect to any Guarantor Senior Indebtedness at the time held by it, to the same extent as any other holder of Guarantor Senior Indebtedness, and nothing in this supplemental indenture shall deprive the Trustee of any of its rights as such holder.

## **7.9 Rights of Holders of Guarantor Senior Indebtedness Not Impaired**

7.9.1 No right of any present or future holder of any Guarantor Senior Indebtedness to enforce the subordination herein shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Credit Supporter or by any noncompliance by the Credit Supporter with the terms, provisions and covenants of this supplemental indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

7.9.2 With respect to the holders of Guarantor Senior Indebtedness, (i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this supplemental indenture, (ii) the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this supplemental indenture, (iii) no implied covenants or obligations shall be read into this supplemental indenture against the Trustee and (iv) the Trustee shall not be deemed to be a fiduciary as to such holders.

## **7.10 Article Applicable to Paying Agents**

In case at any time any paying agent other than the Trustee shall have been appointed by the Issuer and be then acting hereunder, the term “Trustee” as used in this Article shall in such case (unless the context shall require not otherwise) be construed as extending to and including such paying agent within its meaning as fully for all intents and purposes as if such paying agent were named in this Article in addition to or in place of the Trustee; provided, however, that Sections 7.7 and 7.8 shall not apply to the Issuer if it acts as its own paying agent.

## **ARTICLE 8**

### **INDENTURE SUPPLEMENTAL TO ORIGINAL INDENTURE**

#### **8.1 Indenture Supplemental to Original Indenture**

This supplemental indenture is supplemental to the Original Indenture within the meaning of the Original Indenture and the Original Indenture, all indentures supplemental thereto and this supplemental indenture shall, subject to Section 1.9 of the Original Indenture, be read together and have the effect so far as practicable as though all the provisions thereof and hereof were contained in one instrument.

## **ARTICLE 9**

### **ACCEPTANCE OF TRUSTS BY TRUSTEE**

#### **9.1 Acceptance of Trusts by Trustee**

The Trustee hereby accepts the trusts and duties declared and provided for in, and as otherwise contemplated by, this supplemental indenture and hereby agrees to perform the same upon the terms and conditions set forth herein and as contemplated hereby and in the Original Indenture, in each case as supplemented or amended from time to time.

## **ARTICLE 10**

### **MISCELLANEOUS**

#### **10.1 Counterparts**

This supplemental indenture may be executed in several counterparts, including by facsimile or in electronic form, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the same date as of the date hereof.

#### **10.2 Language of Indenture**

The parties hereto have requested that this document, including the Schedules, be drafted in the English language.

IN WITNESS WHEREOF the parties hereto have executed this supplemental indenture under the hands of their proper officers duly authorized in that behalf.

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**TRANSCANADA TRUST**, by its Administrative Agent, **TRANSCANADA PIPELINES LIMITED**

By: (signed) "Joel E. Hunter"

Name: Joel E. Hunter

Title: Vice-President, Finance and Treasurer

By: (signed) "Christine R. Johnston"

Name: Christine R. Johnston

Title: Vice-President, Law and Corporate Secretary

**TRANSCANADA PIPELINES LIMITED**

By: (signed) "Joel E. Hunter"

Name: Joel E. Hunter

Title: Vice-President, Finance and Treasurer

By: (signed) "Christine R. Johnston"

Name: Christine R. Johnston

Title: Vice-President, Law and Corporate Secretary

**CST TRUST COMPANY**

By: (signed) "Nelia Andrade"

Name: Nelia Andrade

Title: Authorized Signatory

By: (signed) "Monica Bynoe"

Name: Monica Bynoe

Title: Authorized Signatory

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## SCHEDULE 2.3

### FORM OF REGISTERED TRUST NOTE – SERIES 2016-A

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO TRANSCANADA TRUST (THE “ISSUER”) OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN. EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS TRUST NOTE OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED BY ITS PURCHASE, HOLDING, REDEMPTION OR EXCHANGE HEREOF THAT EITHER (I) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (A) A PLAN THAT IS SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), OR AN ENTITY THAT IS DEEMED TO HOLD PLAN ASSETS OF THE FOREGOING (EACH, A “PLAN”), OR (B) A PLAN THAT IS SUBJECT TO FEDERAL, STATE OR OTHER LAWS (“SIMILAR LAWS”) THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR THE PROHIBITED TRANSACTION PROVISIONS OF ERISA AND/OR SECTION 4975 OF THE CODE (“SIMILAR LAW PLANS”) OR (II) ITS PURCHASE, HOLDING, REDEMPTION OR EXCHANGE OF THIS TRUST NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE BECAUSE SUCH PURCHASER, TRANSFEREE AND SUBSEQUENT TRANSFEREE RELIED ON AN AVAILABLE PROHIBITED TRANSACTION EXEMPTION, ALL OF THE CONDITIONS OF WHICH ARE SATISFIED, OR IS NOT IN VIOLATION OF ANY APPLICABLE SIMILAR LAW. EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS TRUST NOTE OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE ACKNOWLEDGED BY ITS PURCHASE, HOLDING, REDEMPTION OR EXCHANGE HEREOF THAT NEITHER PLANS NOR SIMILAR LAW PLANS MAY ACQUIRE THIS TRUST NOTE AT ANY TIME THAT THE RATINGS ON THIS TRUST NOTE ARE BELOW INVESTMENT GRADE OR THIS TRUST NOTE HAS BEEN CHARACTERIZED AS OTHER THAN INDEBTEDNESS FOR APPLICABLE LOCAL LAW PURPOSES.

No.

#### TRANSCANADA TRUST

(a trust established under the laws of Ontario)

Trust Notes – Series 2016-A Due August 15, 2076

CUSIP: [●]

ISIN: [●]

**TRANSCANADA TRUST** (the “**Issuer**”) for value received hereby acknowledges itself indebted and promises to pay to the registered holder hereof (the “**Holder**”) on August 15, 2076 or on

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such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture hereinafter mentioned, the principal sum of

[•] DOLLARS

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in lawful money of the United States on presentation and surrender of this Trust Note - Series 2016-A (as defined below) at the principal office of the Trustee in the City of Calgary, Alberta or such other location as it may designate from time to time, and to pay interest on the principal amount hereof from and including the date hereof, or from and including the last Interest Payment Date (as defined in the Indenture) to which interest shall have been paid or made available for payment on the outstanding Trust Notes - Series 2016-A, whichever is later, at the rate of 5.875% per annum, in like money at any one of the said places, in arrears in equal semi-annual payments on February 15 and August 15 in each year (or the next following Business Day (as defined in the Indenture) if such date is not a Business Day to the persons in whose names the Trust Notes - Series 2016-A are registered at the close of business on the preceding February 1 or August 1, respectively) from February 15, 2017 to, but excluding, August 15, 2026. Notwithstanding the foregoing, the initial interest payment payable on February 15, 2017, will be \$30.03 per \$1,000 principal amount of the Trust Notes - Series 2016-A. From August 15, 2026 and on every Interest Reset Date (as defined in the Indenture) thereafter until August 15, 2076, the interest payable on the Trust Notes - Series 2016-A will be reset as follows: (i) at an interest rate per annum equal to the three-month LIBOR plus 4.64%, payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year to the persons in whose names the Trust Notes - Series 2016-A are registered at the close of business on the preceding February 1, May 1, August 1 or November 1, respectively, with the first payment at such rate being on November 15, 2026 and (ii) at an interest rate per annum equal to the three-month LIBOR plus 5.39%, payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year to the persons in whose names the Trust Notes - Series 2016-A are registered at the close of business on the preceding February 1, May 1, August 1 or November 1, respectively, with the first payment at such rate being on November 15, 2046. Subject to Article 5 of the supplemental indenture referred to below, interest as aforesaid shall be payable after as well as before default, with interest on overdue interest, in like money, at the same rates and on the same dates.

This Trust Note - Series 2016-A is one of the Trust Notes - Series 2016-A due August 15, 2076 (the “**Trust Notes - Series 2016-A**”) of the Issuer issued or issuable under the provisions of a trust indenture made as of May 20, 2015 between the Issuer and CST Trust Company, as trustee (the “**Trustee**”), as supplemented by a supplemental indenture dated as of August 11, 2016 between the Issuer, the Trustee and TransCanada PipeLines Limited, as Credit Supporter (which trust indenture as so supplemented is herein referred to as the “**Indenture**”). The Trust Notes - Series 2016-A issuable under the Indenture are limited to an aggregate principal amount of up to \$1,200,000,000, in lawful money of the United States. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Trust Notes - Series 2016-A are or are to be issued and held and the rights, remedies and obligations of the holders of the Trust Notes - Series 2016-A, of the Issuer and of the Trustee in respect thereof, all to the same effect as if the provisions of the Indenture were herein set forth, to all of which provisions the Holder by acceptance hereof acknowledges and assents.

Subject to the occurrence of a Deferral Event, as interest on this Trust Note- Series 2016-A becomes due, the Issuer (except in the case of payment at maturity, at which time payment of interest may be made upon surrender of this Trust Note- Series 2016-A) shall on each date on which interest becomes due, forward or cause to be forwarded to the Holder, subject to the provisions of the Indenture, a related Deferral Event Subscription Proceeds Assignment and a related Deferral Event Subscription, in the manner provided therein, a cheque by first class mail, postage prepaid or an electronic transfer of funds

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for such interest. Subject to the provisions of the Indenture, the forwarding of such cheque or effecting of such transfer shall satisfy and discharge all liability for interest on this Trust Note - Series 2016-A to the extent of the sum represented by such cheque or electronic transfer.

The Trust Notes - Series 2016-A are issuable only as fully registered Trust Notes - Series 2016-A in the denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, the Trust Notes - Series 2016-A of any denomination may be exchanged for an equal aggregate principal amount of the Trust Notes - Series 2016-A in any other authorized denomination or denominations.

The Trust Notes - Series 2016-A are direct obligations of the Issuer but are not secured by any mortgage, pledge, hypothec or other charge.

TransCanada PipeLines Limited has guaranteed the due and punctual payment of the principal amount of and interest on the Trust Notes – Series 2016-A on a subordinated basis in the manner and on the terms set forth in the Indenture.

The indebtedness evidenced by this Trust Note - Series 2016-A and by all other Trust Notes - Series 2016-A now or hereafter certified and delivered under the Indenture is subordinated and subject in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Guarantor Senior Indebtedness (as defined in the Indenture), whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The right is reserved to the Issuer to purchase or redeem the Trust Notes - Series 2016-A for cancellation in accordance with the provisions of the Indenture.

The Trust Notes - Series 2016-A will be automatically exchanged for TCPL Exchange Preferred Shares in the event of an Automatic Exchange Event, in the manner, with the effect and as of the effective time contemplated in the Indenture and the Share Exchange Agreement. The Indenture also provides for a mandatory subscription and purchase of TCPL Deferral Preferred Shares by Holders of Trust Notes - Series 2016-A upon the occurrence of a Deferral Event, by Holders assigning their entitlements to receive interest otherwise payable to them to TCPL in order to pay for such TCPL Deferral Preferred Shares (which interest entitlements are absolutely, irrevocably and unconditionally assigned to TCPL as consideration for such purchases), in each case in the manner, with effect and at the times contemplated in the Indenture and the Assignment and Set-Off Agreement. Holders of the Trust Notes - Series 2016-A acknowledge and, by receipt hereof confirm and assent to, the appointments made, covenants and undertakings given and obligations created on their behalf pursuant to the Share Exchange Agreement and the Assignment and Set-Off Agreement.

The Indenture contains provisions making binding upon all Holders of the Trust Notes - Series 2016-A outstanding thereunder resolutions passed at meetings of Holders of the Trust Notes - Series 2016-A held in accordance with such provisions and instruments signed by the Holders of a specified majority of the Trust Notes - Series 2016-A.

This Trust Note - Series 2016-A may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee or other registrar in the City of Calgary, Alberta by the Holder or such Holder's executors or administrators or other legal representatives or such Holder's attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe.

This Trust Note - Series 2016-A shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Trust Note - Series 2016-A shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

IN WITNESS WHEREOF this Trust Note - Series 2016-A has been duly executed by the Issuer.

DATED as of \_\_\_\_\_, 2012

**TRANSCANADA TRUST** by its Administrative Agent  
**TRANSCANADA PIPELINES LIMITED**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

4

(FORM OF TRUSTEE' S CERTIFICATE)

This Trust Note - Series 2016-A is one of the Trust Notes - Series 2016-A due August 15, 2076 referred to in the Indenture within mentioned.

CST TRUST COMPANY, Trustee

By: \_\_\_\_\_  
(Authorized Signing Officer)

(FORM OF REGISTRATION PANEL)

(No writing hereon except by Trustee or other Registrar)

Date of Registration	In Whose Name Registered	Trustee or Registrar

(FORM OF CERTIFICATE OF TRANSFER)

**CERTIFICATE OF TRANSFER**

I or we assign and transfer this Trust Note - Series 2016-A to:

(Print or type assignee' s name, address and postal code)

and irrevocably appoint \_\_\_\_\_ agent to transfer this Trust Note - Series 2016-A on the books of TransCanada Trust. The agent may substitute another to act for him.

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_  
(Sign exactly as your name appears on the Trust Notes - Series 2016-A)

Signature Guarantee: \_\_\_\_\_

(This signature must be guaranteed by Canadian Schedule I chartered bank or a member of the Securities Transfer Association Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP)).

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**TRANSCANADA PIPELINES LIMITED**

as Issuer

and

**COMPUTERSHARE TRUST COMPANY OF CANADA**

as Trustee

**SECOND SUPPLEMENTAL INDENTURE**

PROVIDING FOR THE ISSUE OF UP TO

\$1,200,000,000 PRINCIPAL AMOUNT OF  
 TCPL SUB NOTES – SERIES 2016-A DUE AUGUST 15, 2076

\_\_\_\_\_  
 Dated as of August 11, 2016

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**THIS SECOND SUPPLEMENTAL INDENTURE** dated as of August 11, 2016,

**BETWEEN:**

**TRANSCANADA PIPELINES LIMITED**, a corporation existing under the federal laws of Canada and having an office in the City of Calgary in the Province of Alberta

(hereinafter called the “**Issuer**” or “**TCPL**”)

OF THE FIRST PART

- and -

**COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company existing under the federal laws of Canada and having an office in the City of Calgary in the Province of Alberta

(hereinafter called the “**Trustee**”)

OF THE SECOND PART

WHEREAS by a trust indenture (the “**Original Indenture**”) dated as of May 20, 2015 between the Issuer and the Trustee, provision was made for the issue of subordinated notes of the Issuer without limitation as to the aggregate principal amount but issuable only subject to the provisions of the Original Indenture;

WHEREAS by a first supplemental indenture to the Original Indenture dated as of May 20, 2015, \$750,000,000 aggregate principal amount of subordinated notes of the Issuer, as a Series of TCPL Sub Notes designated as TCPL Sub Notes - Series 2015-A Due May 20, 2075, were issued;

WHEREAS the Issuer is desirous of issuing subordinated notes under the provisions of the Original Indenture, and this supplemental indenture, as a Series of TCPL Sub Notes to be designated as TCPL Sub Notes - Series 2016-A Due August 15, 2076 (the “**TCPL Sub Notes - Series 2016-A**”);

WHEREAS the Issuer and the Trustee have agreed to supplement the Original Indenture as herein provided;

WHEREAS all necessary action has been taken by the Issuer to make the TCPL Sub Notes - Series 2016-A, when certified by the Trustee and issued as provided in this supplemental indenture, valid, binding and legal obligations of the Issuer with the benefits and subject to the terms of the Original Indenture and to make this supplemental indenture a valid and binding agreement of the Issuer, in accordance with its terms; and

WHEREAS the foregoing recitals are made as representations and statements of fact by the Issuer and not by the Trustee.

**NOW THEREFORE THIS INDENTURE WITNESSETH** and it is hereby covenanted, agreed and declared as follows:

---

## ARTICLE 1

### INTERPRETATION

#### 1.1 Definitions

In this supplemental indenture, unless there is something in the subject matter or context inconsistent therewith:

“**Additional Amounts**” has the meaning ascribed to such term in Section 2.6.2;

“**Canadian Taxes**” has the meaning ascribed to such term in Section 2.6.2;

“**Closing Date**” means August 11, 2016;

“**Excluded Holder**” has the meaning ascribed to such term in Section 2.6.2;

“**Holders**” means the registered holders, from time to time, of the TCPL Sub Notes - Series 2016-A or, where the context requires, all of such holders;

“**Interest Payment Date**” means, prior to and including August 15, 2026, February 15 and August 15 and, starting on November 15, 2026, February 15, May 15, August 15 and November 15, of each year during which any TCPL Sub Notes - Series 2016-A are outstanding;

“**Interest Period**” means, initially, the period from and including the Closing Date to but excluding February 15, 2017 and thereafter from and including each Interest Payment Date to but excluding, the next following Interest Payment Date;

“**Interest Reset Date**” means August 15, 2026 and every February 15, May 15, August 15 and November 15 of each year during which any TCPL Sub Notes - Series 2016-A are outstanding thereafter until August 15, 2076, on which dates the interest rate on the TCPL Sub Notes – Series 2016-A will be reset as described on the Form of Fully Registered TCPL Sub Notes - Series 2016-A attached as Schedule 2.3 hereto;

“**LIBOR**” means, for any Interest Period, the rate for U.S. dollar borrowings appearing on page LIBOR01 of the Reuters Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Trust from time to time for purposes of providing quotations of interest rates applicable to U.S. dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for U.S. Dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then “LIBOR” for such Interest Period shall be the rate at which U.S. dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of an agent selected by the Trust in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period;

“**Maturity Date**” means August 15, 2076;

“**Moody’ s**” means Moody’ s Investor Service, Inc.;

“**Original Indenture**” has the meaning ascribed to such term in the first recital to this supplemental indenture;

“**Rating Event**” means that the Trust or TCPL has received confirmation from S&P or Moody’ s that due to (i) any amendment to, clarification of, or change in hybrid capital methodology or a change in the interpretation thereof, in each case occurring or becoming effective after the date of issue of the Trust Notes – Series 2016-A; or (ii) the application of a different hybrid capital methodology or set of criteria by S&P or Moody’ s after the date of issue of the Trust Notes – Series 2016-A (due to any reason other than solely as a result of a decrease in the credit rating previously assigned to the Trust Notes – Series 2016-A, it being understood that for this purpose a “decrease in the credit rating previously assigned to the Trust Notes – Series 2016-A” means: (A) in the case of S&P, a rating below BBB; (B) in the case of Moody’ s, a rating below Baa2; and (C) in the case of a designation by another rating agency, below an equivalent rating), the Trust Notes – Series 2016-A will no longer be eligible for the same or a higher amount of “equity credit” (or such other nomenclature that S&P or Moody’ s may then use to describe “equity credit”) attributed to the Trust Notes – Series 2016-A on the date of issue of the Trust Notes – Series 2016-A.

“**Tax Event**” means the Trust, TCC or TCPL has received an opinion of independent counsel of a nationally recognized law firm in Canada or the United States experienced in such matters (who may be counsel to the Trust, TCC or TCPL) to the effect that, as a result of, (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, or any application or interpretation thereof, of Canada or the United States or any political subdivision or taxing authority thereof or therein, affecting taxation; (ii) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an “**administrative action**”); or (iii) any amendment to, clarification of, or change in, the official position with respect to or the interpretation of any administrative action or any interpretation or pronouncement that provides for a position with respect to such administrative action that differs from the theretofore generally accepted position, in each of case (i), (ii) or (iii), by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, administrative action, interpretation or pronouncement is made known, which amendment, clarification, change or administrative action is effective or which interpretation, pronouncement or administrative action is announced on or after the date of issue of the Trust Notes - Series 2016-A, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or administrative action is effective and applicable) that (A) the Trust, TCC or TCPL is, or may be, subject to more than a *de minimus* amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid-up capital with respect to the Trust Notes - Series 2016-A (including the treatment by the Trust, TCC or TCPL of interest on the TCPL Sub Notes - Series 2016-A or the Trust Notes - Series 2016-A) or the treatment of the TCPL Sub Notes - Series 2016-A or other property of the Trust, as or as would be reflected in any tax return or form filed, to be filed, or otherwise could have been filed, will not be respected by a taxing authority, (B) the Trust is, or will be, subject to more than a *de minimus* amount of taxes, duties or other governmental charges or civil liabilities, or (C) any payment of interest,

consideration or otherwise in respect of the TCPL Sub Notes - Series 2016-A or the Trust Notes - Series 2016-A gives rise to more than a *de minimus* amount of withholding tax for the Trust, TCC or TCPL

and/or that results in the requirement to pay more than a *de minimus* amount of Additional Amounts under Section 2.6.

“**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc.

“**TCC**” means TransCanada Corporation and includes its successors and assigns;

“**TCPL**” means TransCanada PipeLines Limited and includes its successors and assigns;

“**TCPL Sub Notes - Series 2016-A**” means the up to \$1,200,000,000 principal amount of TCPL Sub Notes - Series 2016-A due August 15, 2076 issued by the Issuer hereunder;

“**this supplemental indenture**”, “**hereto**”, “**hereby**”, “**hereunder**”, “**hereof**”, “**herein**” and similar expressions refer to this supplemental indenture and not to any particular article, section, subdivision or other portion hereof, and include any and every supplemental indenture;

“**Trust**” means TransCanada Trust, a trust established under the laws of Ontario, and includes its successors and assigns; and

“**Trust Notes - Series 2016-A**” means the up to \$1,200,000,000 principal amount of Trust Notes - Series 2016-A due August 15, 2076 issued by the Trust.

Words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine gender and vice versa.

## **1.2 Interpretation Not Affected By Headings, etc.**

The division of this supplemental indenture into Articles and Sections, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this supplemental indenture.

## **1.3 Incorporation of Certain Definitions**

All terms contained in this supplemental indenture which are defined in the Original Indenture, as supplemented and amended to the date hereof, shall, for all purposes hereof, have the meanings given to such terms in the Original Indenture, as so supplemented and amended, unless otherwise defined herein or unless the context otherwise specifies or requires.

## **1.4 Definition of “this Indenture”**

The term “this Indenture”, whenever used herein, means the Original Indenture as supplemented and amended by this supplemental indenture.

## **1.5 Currency References**

All references to dollar (\$) amounts shall, unless otherwise expressly indicated herein, be to United States dollars.

## **1.6 Additional Provisions Relating to the TCPL Sub Notes – Series 2016-A.**

For the purposes of this supplemental indenture, and the TCPL Sub Notes – Series 2016-A:

“**Business Day**” means a day on which TCPL, the Trust, and the Trustee are open for business in the City of Calgary, Alberta, other than a Saturday, Sunday or any statutory or civic holiday in the City of Toronto, Ontario, the City of Calgary, Alberta or the City of New York, New York.

## ARTICLE 2

### THE TCPL SUB NOTES – SERIES 2016-A

#### 2.1 Limitation on Issue and Designation

The aggregate principal amount of the TCPL Sub Notes - Series 2016-A that may be issued and certified hereunder shall be limited to up to \$1,200,000,000 principal amount of the TCPL Sub Notes designated as “TCPL Sub Notes - Series 2016-A due August 15, 2076”.

#### 2.2 Terms of TCPL Sub Notes – Series 2016-A

2.2.1 The TCPL Sub Notes - Series 2016-A shall be dated as of the Closing Date, regardless of their actual date of issue, and shall mature on the Maturity Date.

2.2.2 Subject to Section 2.2.5 below, from the Closing Date to, but excluding, August 15, 2026, the TCPL Sub Notes - Series 2016-A will bear interest at the rate of 6.125% per annum, payable in arrears in equal semi-annual payments on each Interest Payment Date to the persons in whose names the TCPL Sub Notes - Series 2016-A are registered at the close of business on the preceding August 1 or February 1, respectively, with the first payment on February 15, 2017. Notwithstanding the foregoing, the initial interest payment payable on February 15, 2017, will be \$31.31 per \$1,000 principal amount of the TCPL Sub Notes - Series 2016-A. From August 15, 2026 and on every Interest Reset Date thereafter until August 15, 2076, the interest rate on the TCPL Sub Notes - Series 2016-A will be reset as follows: (i) at an interest rate per annum equal to the three-month LIBOR plus 4.89%, payable in arrears on each Interest Payment Date to the persons in whose names the TCPL Sub Notes - Series 2016-A are registered at the close of business on the preceding February 1, May 1, August 1 or November 1, respectively, with the first payment at such rate being on November 15, 2026 and (ii) at an interest rate per annum equal to the three-month LIBOR plus 5.64%, payable in arrears on each Interest Payment Date to the persons in whose names the TCPL Sub Notes - Series 2016-A are registered at the close of business on the preceding February 1, May 1, August 1 or November 1, respectively, with the first payment at such rate being on November 15, 2046. Interest as aforesaid shall be payable after as well as before default, with interest on overdue interest, in like money, at the same rates and on the same dates.

2.2.3 Interest for each Interest Period from the Closing Date to, but excluding, August 15, 2026, will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest for each Interest Period from August 15, 2026 to the Maturity Date will be calculated on the basis of the actual number of days elapsed during each such Interest Period and a 360-day year. For the purposes of disclosure under the Interest Act (Canada), and without affecting the interest payable on the TCPL Sub Notes - Series 2016-A, whenever the interest rate on the TCPL Sub Notes - Series 2016-A is to be calculated on the basis of a period of less than a calendar year, the yearly interest rate equivalent for such interest rate will be the interest rate multiplied by the actual number of days in the relevant calendar year and divided by the number of days used in calculating the specified interest rate.

2.2.4 If any Interest Payment Date would otherwise fall on a day which is not a Business Day, payment shall be postponed until the next Business Day, and no further interest or other sums will accrue in respect of such postponement.

2.2.5 After the Closing Date, subject to the limit in Section 2.1, the Issuer shall be entitled to issue additional TCPL Sub Notes - Series 2016-A (“**TCPL Sub Notes - Series 2016-A**”), which shall have identical terms as the TCPL Sub

Notes - Series 2016-A issued on the Closing Date, other than with respect to their issue date, issue price and, if applicable, their first interest payment date and interest accrual date.

2.2.6 With respect to any Additional TCPL Sub Notes - Series 2016-A, the Issuer shall set forth in an Officer's Certificate, which shall be delivered to the Trustee, the following information:

2.2.6.1 the aggregate principal amount of such Additional TCPL Sub Notes - Series 2016-A to be authenticated and delivered pursuant to this Indenture;

2.2.6.2 the issue price and the issue of such Additional TCPL Sub Notes - Series 2016-A; and

2.2.6.3 if applicable, the first interest payment date and interest accrual date of such Additional TCPL Sub Notes - Series 2016-A.

## **2.3 Form of TCPL Sub Notes - Series 2016-A**

2.3.1 The TCPL Sub Notes - Series 2016-A shall be issued only as fully registered TCPL Sub Notes - Series 2016-A in denominations of \$1,000 and integral multiples thereof and shall not, unless otherwise determined by the Issuer, be registered in the name of or held by or through any Clearing Agency.

2.3.2 The TCPL Sub Notes - Series 2016-A and the certificate of the Trustee endorsed thereon shall be in the English language (and may be in the French language) and shall be substantially in the form set out in Schedule 2.3 hereto, with such appropriate additions, deletions, substitutions and variations as the Trustee may approve (or as may be required to issue Additional Trust Notes-Series 2016-A pursuant to Section 2.2.5) and shall bear such distinguishing letters and numbers as the Trustee may approve, such approval of the Trustee to be conclusively evidenced by its certification of the TCPL Sub Notes - Series 2016-A. In the event that any provision of the TCPL Sub Notes - Series 2016-A in the French language, if any, shall be susceptible to an interpretation different from the equivalent provision in the English language, the interpretation of such provision in the English language shall be determinative.

2.3.3 The TCPL Sub Notes - Series 2016-A may be engraved, printed or lithographed, or partly in one form and partly in another, as the Issuer may determine.

## **2.4 Registrar and Transfer Agent, Paying Agent and Calculation Agent**

2.4.1 The Issuer hereby appoints the Trustee as the registrar and transfer agent of the TCPL Sub Notes - Series 2016-A and the Trustee hereby accepts such appointment.

2.4.2 The Issuer confirms that the Issuer will itself act as Paying Agent in respect of the TCPL Sub Notes - Series 2016-A and as the calculation agent to determine the amount of

floating rate interest payable on the TCPL Sub Notes - Series 2016-A from and after August 15, 2026.

## **2.5 Rights of Set-Off**

Notwithstanding Section 4.8 of the Original Indenture, each party may set-off against amounts owing by it hereunder to another Person any amounts owing or accruing due by such Person to it or any of its Affiliates, without duplication.

## **2.6 Additional Amounts**

2.6.1 All payments made by or on account of any obligation of the Issuer under or with respect to the TCPL Sub Notes - Series 2016-A shall be made free and clear of and without withholding or deduction for, or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities

related thereto) imposed or levied by or on behalf of the Government of Canada or any province or territory thereof or by any authority or agency therein or thereof having power to tax (hereinafter, “**Canadian Taxes**”), or, in the event that a Successor Entity that is organized under the laws of a jurisdiction other than the laws of Canada or any province or territory thereof is substituted for the Issuer pursuant to Article 8 of the Original Indenture, by or on behalf of the government of such successor jurisdiction or any subdivision thereof or by any authority or agency therein or thereof having power to tax.

2.6.2 For so long as the Trust is the holder of TCPL Sub Notes – Series 2016-A, if the Trust is required to withhold or deduct any amount for or on account of Canadian Taxes from any payment made under or with respect to the Trust Notes - Series 2016-A, the Issuer shall pay as additional interest such additional amounts (“**Additional Amounts**”) as may be necessary so that the Trust may provide a net amount to each holder of Trust Notes – Series 2016-A (including Additional Amounts) after such withholding or deduction shall not be less than the amount such holder of Trust Notes – Series 2016-A would have received if such Canadian Taxes had not been withheld or deducted; provided, however, that no Additional Amounts shall be payable to the Trust with respect to a payment made to a holder of Trust Notes – Series 2016-A (an “**Excluded Holder**”) in respect of a beneficial owner of Trust Notes Series 2016-A (i) with which the Trust does not deal at arm’s length (for purposes of the Income Tax Act (Canada)) at the time of the making of such payment, (ii) which is subject to such Canadian Taxes by reason of the failure of such holder of Trust Notes – Series 2016-A to comply with any certification, identification, information, documentation or other reporting requirement if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in, the rate of deduction or withholding of, such Canadian Taxes, (iii) where all or any portion of the amount paid to such holder of Trust Notes – Series 2016-A is deemed to be a dividend paid to such holder of Trust Notes – Series 2016-A pursuant to subsection 214(16) of the Income Tax Act (Canada), or (iv) which is subject to such Canadian Taxes by reason of its carrying on business in or being connected with Canada or any province or territory thereof otherwise than by the mere holding of Trust Notes – Series 2016-A or the receipt of payments thereunder. The Trust shall make such withholding or deduction and remit the full amount deducted or withheld to the relevant authority as and when required under applicable law.

2.6.3 If a holder of Trust Notes – Series 2016-A has received a refund or credit for any Canadian Taxes with respect to which the Issuer has paid Additional Amounts pursuant to this Section 2.6, and such holder has paid over such refund to the Trust, the Trust shall pay over such refund to the Issuer (but only to the extent of such Additional Amounts), net of all out-of-pocket

expenses of such holder, together with any interest paid by the relevant tax authority in respect of such refund.

2.6.4 If Additional Amounts are required to be paid under this Section 2.6 as a result of a Tax Event, the Issuer may elect to redeem outstanding TCPL Sub Notes - Series 2016-A pursuant to Section 3.3.

## **2.7 Transfer Restriction**

Notwithstanding any provision of the Original Indenture, the TCPL Sub Notes - Series 2016-A may not be assigned or transferred by the Holder thereof without the prior consent of the Issuer.

## **ARTICLE 3**

### **REDEMPTION AND PURCHASE FOR CANCELLATION OF THE TCPL SUB NOTES – SERIES 2016-A**

#### **3.1 Redemption of TCPL Sub Notes - Series 2016-A at the Option of the Issuer**

On or after August 15, 2026, the Issuer may, at its option, redeem the TCPL Sub Notes - Series 2016-A in whole at any time or in part from time to time on any Interest Payment Date and on not less than 30 days nor more than 60 days prior notice to the Holders thereof, without the consent of the Holders, at a redemption price per \$1,000 principal amount of the TCPL Sub Notes - Series 2016-A equal to par, together with accrued and unpaid interest to, but excluding, the date fixed for redemption.

#### **3.2 Partial Redemption of TCPL Sub Notes - Series 2016-A**

3.2.1 If less than all the TCPL Sub Notes – Series 2016-A are to be redeemed pursuant to Section 3.1, the Issuer shall, at least 15 days prior to the date that notice of redemption is given, notify the Trustee by Written Order of the Issuer of its intention to redeem the aggregate principal amount of the TCPL Sub Notes - Series 2016-A to be redeemed. The TCPL Sub Notes - Series 2016-A to be redeemed shall be selected by the Trustee on a pro rata basis, disregarding fractions, according to the principal amount of the TCPL Sub Notes - Series 2016-A registered in the respective names of each Holder, or in such other manner as the Trustee may consider equitable, provided that such selection shall be proportionate (to the nearest minimum authorized denomination for the TCPL Sub Notes - Series 2016-A established pursuant to Section 2.3).

3.2.2 If the TCPL Sub Notes - Series 2016-A in denominations in excess of the minimum authorized denomination for the TCPL Sub Notes - Series 2016-A are selected and called for redemption in part only (such part being that minimum authorized denomination or an integral multiple thereof) then, unless the context otherwise requires, references to the TCPL Sub Notes - Series 2016-A in this Article 3 shall be deemed to include any such part of the principal amount of the TCPL Sub Notes - Series 2016-A which shall have been so selected and called for redemption. The Holder of any TCPL Sub Notes - Series 2016-A called for redemption in part only, upon surrender of such TCPL Sub Notes - Series 2016-A for payment, shall be entitled to receive, without expense to such Holder, new TCPL Sub Notes - Series 2016-A for the unredeemed part of the TCPL Sub Notes - Series 2016-A so surrendered, and the Issuer shall execute and the Trustee shall certify and deliver, at the expense of the Issuer, such new TCPL Sub Notes - Series 2016-A having the same terms as are set out herein upon receipt from the Trustee or the Paying Agent of the TCPL Sub Notes - Series 2016-A so surrendered.

### **3.3 Early Redemption upon a Tax Event**

The Issuer may, at its option, redeem all (but not less than all) of the TCPL Sub Notes - Series 2016-A upon the occurrence of a Tax Event on not less than 30 days nor more than 60 days prior notice to the Holders thereof, without the consent of the Holders. The redemption price per \$1,000 principal amount of the TCPL Sub Notes - Series 2016-A shall be equal to par together with accrued and unpaid interest to, but excluding, the date fixed for redemption.

### **3.4 Early Redemption upon Rating Event**

The Issuer may, at its option, redeem all (but not less than all) of the TCPL Sub Notes - Series 2016-A at any time upon or following the occurrence of a Rating Event on not less than 30 days nor more than 60 days prior notice to the Holders thereof, without the consent of the Holders. The redemption price per \$1,000 principal amount of the TCPL Sub Notes - Series 2016-A shall be equal to par plus \$20 together with accrued and unpaid interest to, but excluding, the date fixed for redemption.

### **3.5 Notice of Redemption**

Notice of any intention to redeem any TCPL Sub Notes - Series 2016-A shall be given by or on behalf of the Issuer to the Holders of the TCPL Sub Notes - Series 2016-A which are to be redeemed, not more than 60 days and not less than 30 days prior to the date fixed for redemption, in the manner provided in the Original Indenture. The notice of redemption shall, unless all the TCPL Sub Notes - Series 2016-A then outstanding are to be redeemed, specify the distinguishing letters and numbers of the TCPL Sub Note - Series 2016-A which are to be redeemed and, if a TCPL Sub Notes - Series 2016-A is to be redeemed in part only, shall specify that part of the principal amount thereof to be redeemed, and shall specify the redemption date, the redemption price and places of payment and shall state that all interest on the TCPL Sub Notes - Series 2016-A called for redemption shall cease from and after such redemption date.

### **3.6 Purchase of the TCPL Sub Notes - Series 2016-A for Cancellation**

3.6.1 The Issuer may, purchase all or any of the TCPL Sub Notes - Series 2016-A in the open market (which may include purchases from or through an investment dealer or a firm holding membership on or that is a participant of a recognized stock exchange) or by invitation for tenders or by private contract and, in each case, at any price.

3.6.2 If, upon an invitation for tenders, more TCPL Sub Notes - Series 2016-A than the Issuer is willing to purchase are tendered at the same lowest price, the TCPL Sub Notes - Series 2016-A to be purchased by the Issuer shall be

selected by the Trustee pro rata, or in such other manner as the Trustee may consider equitable in compliance with applicable law, from the TCPL Sub Notes - Series 2016-A tendered by each Holder who tendered at such lowest price. For this purpose, the Trustee may make, and from time to time amend, regulations with respect to the manner in which the TCPL Sub Notes - Series 2016-A may be so selected and regulations so made shall be valid and binding upon all Holders, notwithstanding the fact that, as a result thereof, one or more of such TCPL Sub Notes - Series 2016-A become subject to purchase in part only. The Holder of any TCPL Sub Notes - Series 2016-A of which a part only is purchased, upon surrender of such TCPL Sub Notes - Series 2016-A for payment, shall be entitled to receive, without expense to such Holder, one or more new TCPL Sub Notes - Series 2016-A for the unpurchased part so surrendered and the Trustee shall certify and deliver such new TCPL Sub Notes - Series 2016-A upon receipt of the TCPL Sub Notes - Series 2016-A so surrendered.

### **3.7 Cancellation of the TCPL Sub Notes - Series 2016-A**

All TCPL Sub Notes - Series 2016-A redeemed and all TCPL Sub Notes - Series 2016-A purchased under this Article 3 shall forthwith be delivered to the Trustee and shall be cancelled by it and will not be reissued or resold, and except as provided in subsection 3.6.2, no TCPL Sub Notes - Series 2016-A shall be issued in substitution therefor.

## **ARTICLE 4**

### **INDENTURE SUPPLEMENTAL TO ORIGINAL INDENTURE**

#### **4.1 Indenture Supplemental to Original Indenture**

This supplemental indenture is supplemental to the Original Indenture within the meaning of the Original Indenture and the Original Indenture, all indentures supplemental thereto and this supplemental indenture shall, subject to Section 1.9 of the Original Indenture, be read together and have the effect so far as practicable as though all the provisions thereof and hereof were contained in one instrument.

## **ARTICLE 5**

### **ACCEPTANCE OF TRUSTS BY TRUSTEE**

#### **5.1 Acceptance of Trusts by Trustee**

The Trustee hereby accepts the trusts and duties declared and provided for in, and as otherwise contemplated by, this supplemental indenture and hereby agrees to perform the same upon the terms and conditions set forth herein and as contemplated hereby and in the Original Indenture, in each case as supplemented or amended from time to time.

## **ARTICLE 6**

### **MISCELLANEOUS**

#### **6.1 Counterparts**

This supplemental indenture may be executed in several counterparts, including by facsimile or in electronic form, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the same date as of the date hereof.

#### **6.2 Language of Indenture**

The parties hereto have requested that this document, including the Schedules, be drafted in the English language.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

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IN WITNESS WHEREOF the parties hereto have executed this supplemental indenture under the hands of their proper officers duly authorized in that behalf.

**TRANSCANADA PIPELINES LIMITED**

By: (signed) "Joel E. Hunter"  
Name: Joel E. Hunter  
Title: Vice-President, Finance and Treasurer

By: (signed) "Christine R. Johnston"  
Name: Christine R. Johnston  
Title: Vice-President, Law and Corporate Secretary

**COMPUTERSHARE TRUST COMPANY OF CANADA**

By: (signed) "Beatriz Fedozzi"  
Name: Beatriz Fedozzi  
Title: Corporate Trust Officer

By: (signed) "Laura Leong"  
Name: Laura Leong  
Title: Corporate Trust Officer

*[Signature page to TCPL Sub Note Supplemental Indenture]*

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**SCHEDULE 2.3**

**FORM OF REGISTERED TCPL SUB NOTE – SERIES 2016-A**

No.

**TRANSCANADA PIPELINES LIMITED**

(a corporation existing under the *Canada Business Corporations Act*)

TCPL Sub Notes – Series 2016-A Due August 15, 2076

**TRANSCANADA PIPELINES LIMITED** (the “**Issuer**”) for value received hereby acknowledges itself indebted and promises to pay to the registered holder hereof (the “**Holder**”) on August 15, 2076 or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture hereinafter mentioned, the principal sum of

[•] DOLLARS

(\$•)

in lawful money of the United States on presentation and surrender of this TCPL Sub Note - Series 2016-A (as defined below) at the principal office of the Trustee in the City of Calgary, Alberta or such other location as it may designate from time to time, and to pay interest on the principal amount hereof from and including the date hereof, or from and including the last Interest Payment Date (as defined in the Indenture) to which interest shall have been paid or made available for payment on the outstanding TCPL Sub Notes - Series 2016-A, whichever is later, at the rate of 6.125% per annum, in like money at any one of the said places, in arrears in equal semi-annual payments on February 15 and August 15 in each year (or the next following Business Day (as defined in the Indenture) if such date is not a Business Day to the persons in whose names the TCPL Sub Notes - Series 2016 are registered at the close of business on the preceding August 1 or February 1, respectively) from February 15, 2017 to, but excluding, August 15, 2026. Notwithstanding the foregoing, the initial interest payable on February 15, 2017, will be \$31.31 per \$1,000 principal amount of TCPL Sub Notes Series 2016-A. From August 15, 2026 and on every Interest Reset Date (as defined in the Indenture) thereafter until August 15, 2076, the interest payable on the TCPL Sub Notes - Series 2016-A will be reset as follows: (i) at an interest rate per annum equal the three-month LIBOR plus 4.89%, payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year to the persons in whose names the TCPL Sub Notes - Series 2016-A are registered at the close of business on the preceding February 1, May 1, August 1 or November 1, respectively, with the first payment at such variable rate being on November 15, 2026; and (ii) at an interest rate per annum equal to the three month LIBOR plus 5.64%, payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year to the persons in whose names the TCPL Sub Notes - Series 2016-A are registered at the close of business on the preceding February 1, May 1, August 1 or November 1, respectively, with the first payment at such a rate being on November 15, 2046.

This TCPL Sub Note - Series 2016-A is one of the TCPL Sub Notes - Series 2016-A due August 15, 2076 (the “**TCPL Sub Notes - Series 2016-A**”) of the Issuer issued or issuable under the provisions of a trust indenture made as of August 11, 2016 between the Issuer and Computershare Trust Company of

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Canada, as trustee (the “**Trustee**”), as supplemented by a supplemental indenture dated as of August 11, 2016 between the Issuer and the Trustee (which trust indenture as so supplemented is herein referred to as the “**Indenture**”). The TCPL Sub Notes - Series 2016-A issuable under the Indenture are limited to an aggregate principal amount of up to \$1,200,000,000, in lawful money of the United States. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the TCPL Sub Notes - Series 2016-A are or are to be issued and held and the rights, remedies and obligations of the holders of the TCPL Sub Notes - Series 2016-A, of the Issuer and of the Trustee in respect thereof, all to the same effect as if the provisions of the Indenture were herein set forth, to all of which provisions the Holder by acceptance hereof acknowledges and assents.

As interest on this TCPL Sub Note- Series 2016-A becomes due, the Issuer (except in the case of payment at maturity, at which time payment of interest may be made upon surrender of this TCPL Sub Note- Series 2016-A) shall on each date on which interest becomes due, forward or cause to be forwarded to the Holder in the manner provided therein, a cheque by first class mail, postage prepaid or an electronic transfer of funds for such interest. Subject to the provisions of the Indenture, the forwarding of such cheque or effecting of such transfer shall satisfy and discharge all liability for interest on this TCPL Sub Note - Series 2016-A to the extent of the sum represented by such cheque or electronic transfer.

The TCPL Sub Notes - Series 2016-A are issuable only as fully registered TCPL Sub Notes - Series 2016-A in the denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, the TCPL Sub

Notes - Series 2016-A of any denomination may be exchanged for an equal aggregate principal amount of the TCPL Sub Notes - Series 2016-A in any other authorized denomination or denominations.

The TCPL Sub Notes - Series 2016-A are direct obligations of the Issuer but are not secured by any mortgage, pledge, hypothec or other charge.

The indebtedness evidenced by this TCPL Sub Note - Series 2016-A and by all other TCPL Sub Notes - Series 2016-A now or hereafter certified and delivered under the Indenture is subordinated and subject in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Issuer Senior Indebtedness (as defined in the Indenture), whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The right is reserved to the Issuer to purchase or redeem the TCPL Sub Notes - Series 2016-A for cancellation in accordance with the provisions of the Indenture.

The Indenture contains provisions making binding upon all Holders of the TCPL Sub Notes - Series 2016-A outstanding thereunder resolutions passed at meetings of Holders of the TCPL Sub Notes - Series 2016-A held in accordance with such provisions and instruments signed by the Holders of a specified majority of the TCPL Sub Notes - Series 2016-A.

The TCPL Sub Notes - Series 2016-A may not be assigned or transferred by the Holder thereof without the prior consent of the Issuer.

This TCPL Sub Note - Series 2016-A shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This TCPL Sub Note - Series 2016-A shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

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IN WITNESS WHEREOF this TCPL Sub Note - Series 2016-A has been duly executed by the Issuer.

DATED as of \_\_\_\_\_, 20\_\_\_\_

**TRANSCANADA PIPELINES LIMITED**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

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(FORM OF TRUSTEE' S CERTIFICATE)

This TCPL Sub Note - Series 2016-A is one of the TCPL Sub Notes - Series 2016-A due August 15, 2076 referred to in the Indenture within mentioned.

**COMPUTERSHARE TRUST COMPANY OF CANADA**, Trustee

By: \_\_\_\_\_  
(Authorized Signing Officer)

(FORM OF REGISTRATION PANEL)

(No writing hereon except by Trustee or other Registrar)

Date of Registration	In Whose Name Registered	Trustee or Registrar

(FORM OF CONSENT AND CERTIFICATE OF TRANSFER)

**CERTIFICATE OF CONSENT AND TRANSFER**

TransCanada PipeLines Limited hereby consents to the transfer of TCPL Sub Notes - Series 2016-A set forth below.

**TRANSCANADA PIPELINES LIMITED**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I or we assign and transfer this TCPL Sub Note - Series 2016-A to:

(Print or type assignee' s name, address and postal code)

and irrevocably appoint \_\_\_\_\_ agent to transfer this TCPL Sub Note - Series 2016-A on the books of TransCanada PipeLines Limited. The agent may substitute another to act for him.

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_  
(Sign exactly as your name appears)

