

TransCanada's Alaska Pipeline Project

Senate/House Committees- Alignment with ExxonMobil

June 23, 2009



Overview



- TransCanada (TC) and ExxonMobil (EM) have reached agreement to work together to progress TransCanada's Alaska Pipeline Project
 - Immediate EM participation and project support
 - TC / EM will jointly advance all aspects of the project – technical, commercial, regulatory, financial, etc.
 - EM contributing prior study results, existing Alaska ROW data
- TC Alaska and Foothills remain the AGIA Licensees
 - AGIA rights / obligations are unchanged and remain with Licensees
 - EM is ready to work with the State to enable full participation in the AGIA license
- Project Schedule unchanged
 - Initial Open Season target completion by July 2010

Overview (cont')



- AGIA Project Scope unchanged
 - GTP and pipeline from Prudhoe Bay to Alaska delivery points, LNG via Valdez, or Lower 48 markets via Alberta Hub
 - TC / EM will also advance an upstream gas transmission pipeline from Point Thomson to GTP to be included in the Open Season
 - Outside of AGIA project and ineligible for AGIA reimbursement
- Current TC / EM alignment not contingent on any commitments by State
- TC can progress project independently, if it so elects, using all jointly developed assets / information

Overview (cont'd)



- Legislation / Regulatory
 - Utilize ANGPA (Alaska Natural Gas Pipeline Act) in Alaska and NPA (Northern Pipeline Act) in Canada
- Upfront spending increased to \$150 million through Open Season
 - Additional front-end spending reflects increased emphasis on early execution/construction planning, additional efforts in regulatory, environmental and land areas, as well as size, complexity and execution challenges of GTP
- Development costs will be shared by TC / EM
 - TC retains majority interest
 - No change to State's total reimbursement contribution of \$500 million

Overview (cont'd)



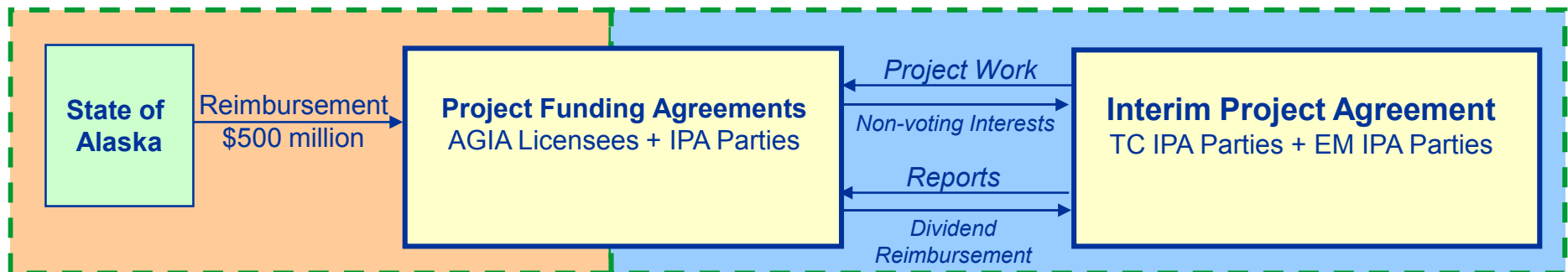
- In early May, TC provided State Administration with full disclosure of proposed TC / EM arrangement
 - State has reviewed the TC / EM arrangement and has determined that no action is needed by the State as a result of the arrangement
 - State administration supports TC / EM alignment
- Bottom Line
 - Real progress to align all essential parties necessary for successful project
 - Combination of TC and EM brings unrivaled expertise and experience to the project
 - TC / EM share a common goal – realization of an Alaska pipeline project

Project Framework



Objectives

- Perform work necessary to facilitate completion by TC Licensees of Open Seasons in US and Canada by July 2010 target
- Pursue required regulatory authorizations for pipeline construction



	AGIA Licensees	IPA Parties
US PFA	<ul style="list-style-type: none"> • TransCanada Alaska Company, LLC 	<ul style="list-style-type: none"> • TransCanada Alaska Development Inc. • ExxonMobil Alaska Midstream Gas Investments, LLC
Canada PFA	<ul style="list-style-type: none"> • Foothills Pipe Lines (North B.C.) Ltd. • Foothills Pipe Lines (South Yukon) Ltd. 	<ul style="list-style-type: none"> • TransCanada PipeLines Limited • ExxonMobil Canada Resources Company

Project Framework (cont'd)



- Interim Project Agreement (IPA) establishes basis under which TC / EM work together
- Project Funding Agreements (PFA) are companion agreements to IPA
 - Executed simultaneously with IPA; separate PFA for US and Canada
 - Provides “bridge” between TC Licensees and IPA parties
- TC Licensees maintain interface with the State of Alaska and retain AGIA obligations
- TC Licensees maintain sole discretion over request for State reimbursement for qualified expenditures

Project Framework (cont'd)



- TC Licensees have right to all work provided to them by IPA parties for purposes of meeting TC AGIA obligations
- All major project components, including regulatory filings and Open Season contracts, will be made or entered into in the name of and on behalf of the AGIA Licensees
- TC Licensees have the right, at all times, to progress the project alone, if they so choose.
 - If TC Licensees elect to do so, they have the right to all jointly-developed work product; and both parties will retain rights to project information
 - Parties have agreed to a reasonable transition to sole management by TC in the event of a termination
- During the term of PFA, the IPA parties will earn non-voting interests in the TC Licensees, upon transfer of work product

Project Framework (cont'd)



- When EM becomes a participant in TC Licensees, the non-voting interests will convert to voting interests in AGIA Licensees
- State reimbursements to TC Licensees will be distributed to IPA parties in proportion to their participating interests in the IPA
- IPA includes typical joint venture terms
- The project is managed by a Management Committee, with TC as chair (Tony Palmer)
- Fully-integrated project team staffed at all levels by personnel of both TC / EM
- EM is IPA lead and TC is the sub-IPA lead for the Canadian portion of the project. Through Open Season, TC remains primarily responsible for the overall pipeline / compression work and EM primarily responsible for the GTP work.
- Project costs are jointly funded based on the parties' proportionate shares.

Benefits of Alignment with ExxonMobil



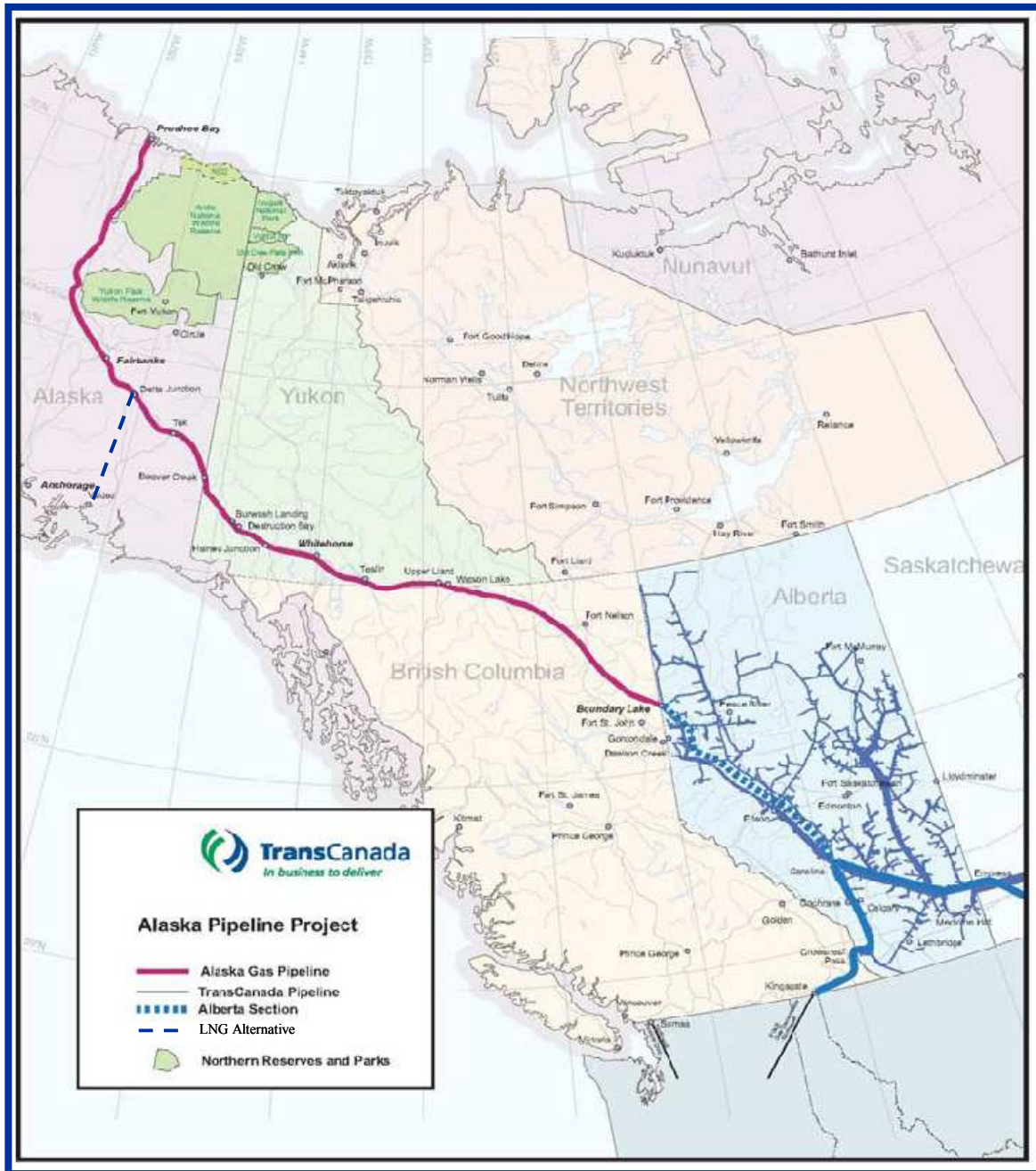
- Represents real progress to align all essential parties necessary for successful project
 - TC/State alignment under AGIA License in 2008
 - EM supports progress of TransCanada's Alaska Pipeline Project under AGIA
 - EM ready to work with State of Alaska and TC to become a full participant in AGIA Licensees
- Combination of TC and EM brings unrivaled expertise and experience to the project
 - TransCanada
 - TC has in-house expertise and experience to develop top quality CAPEX and rate estimates for the initial Open Season
 - 2000+ employees responsible for transporting 20% of North American gas
 - Recipient of the 2008 Global Pipeline Award for leading-edge technology
 - Current North American pipeline projects: \$12 B Keystone Project under construction, North Central Corridor Project in Alberta under construction, Bison and Guadalajara pipelines in application/approval stages

Benefits of Alignment with ExxonMobil (cont'd)

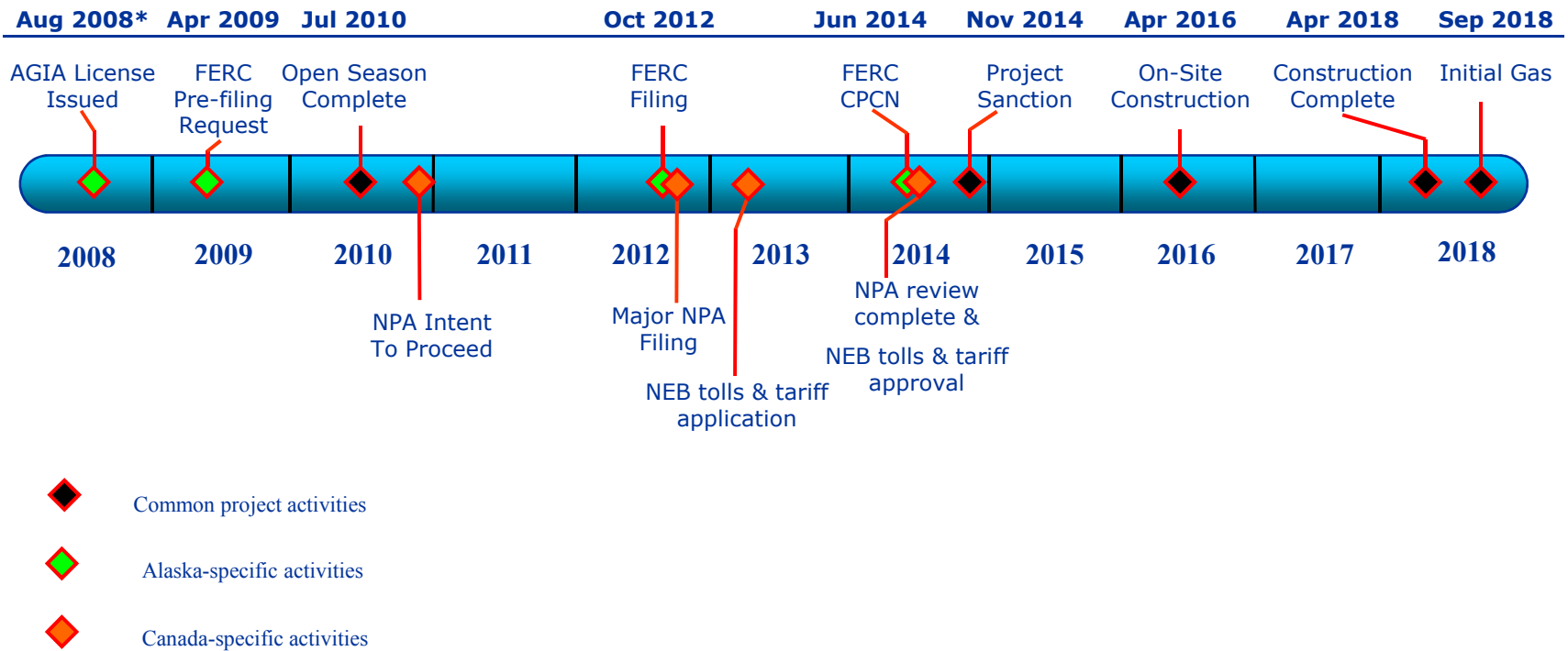


- ExxonMobil
 - Global financial and project management strength
 - Recognized industry leader in execution of large complex projects
 - Substantial financial resources
 - Largest holder of discovered Alaska North Slope natural gas resources
 - Gas treatment plant technology/expertise, as well as pipeline systems
 - Decades of Alaska experience
 - Access to 2001 ANS Producer Study and TAPS information
 - Committed to timely development of Alaska's gas resources
- Combination will deliver excellence in project execution
- TC/ EM share a common goal – realization of an Alaska pipeline project constructed under AGIA
 - Need full support of State of Alaska, US/Canadian governments, North Slope producers, including ConocoPhillips and BP, and other interested parties

TransCanada's Alaska Pipeline Project



Project Schedule



* AGIA license assumed to be issued in August 2008 – actual date December 5, 2008

TC Project Accomplishments Since June 2008



- TC/State alignment under AGIA License
 - TC Application reviewed and License approved by Legislature
 - AGIA License issued on December 5, 2008
 - AGIA Coordinator appointed
- Alignment with ExxonMobil
 - Achieves real progress toward broader alignment
- Capital Cost Estimate – engineering, environmental, limited field work, etc.
 - Extensive work underway since August 2008
 - Project team in place
 - Pre-FEED contractors retained – significant Alaska players engaged
 - Bringing EM personnel onboard broadens the expertise and experience of TC's project team and enhances credibility with potential customers

TC Project Accomplishments Since June 2008 (cont'd)



- Attracting Customers
 - Ongoing discussions with potential customers for deliveries in Alaska, LNG via Valdez and to Lower 48 markets via Alberta Hub
 - Drafting of commercial terms for Open Season underway
 - EM alignment improves likelihood of success
- LNG
 - Cost estimation and commercial terms drafting underway
 - Discussions with potential customers resulted in 3.0 Bcf/d design
 - Potential customers can select Valdez as delivery point in initial Open Season

TC Project Accomplishments Since June 2008 (cont'd)



- Canada Regulatory
 - EM reviewed / endorsed NPA as the Canadian regulatory model for project
 - Re-staffing of Northern Pipeline Agency underway
 - Northern Pipeline Agency coordinating project within Government of Canada, and with Canadian provinces
 - Multi-department meetings completed with federal agencies, BC and Yukon
 - Individual agency meetings underway
- U.S. Regulatory
 - FERC Pre-file
 - April 2009, two years earlier than TC's approved AGIA schedule
 - Progressing communications with FERC project staff
 - Multi-agency meetings complete, individual meetings underway
 - Ongoing discussions with Federal and State coordinating agencies

TC Project Accomplishments Since June 2008 (cont'd)



- Canadian First Nations
 - TC has contacted all Right-of-Way First Nations and offered to negotiate Participation Agreements
 - 5 of 8 Yukon First Nations ready to discuss
 - Negotiations have commenced with some parties
- ANNGTC Withdrawn Partners
 - ANNGTC Partnership in dissolution
 - Full mutual releases in hand from all but one Withdrawn Partner
- Fort Nelson Upside
 - NEB decision approving Federal regulation for TC Alberta System improves chance of achieving Fort Nelson upside
 - TC also proposing Groundbirch and Horn River pipelines into North BC

TC Project Accomplishments Since June 2008 (cont'd)

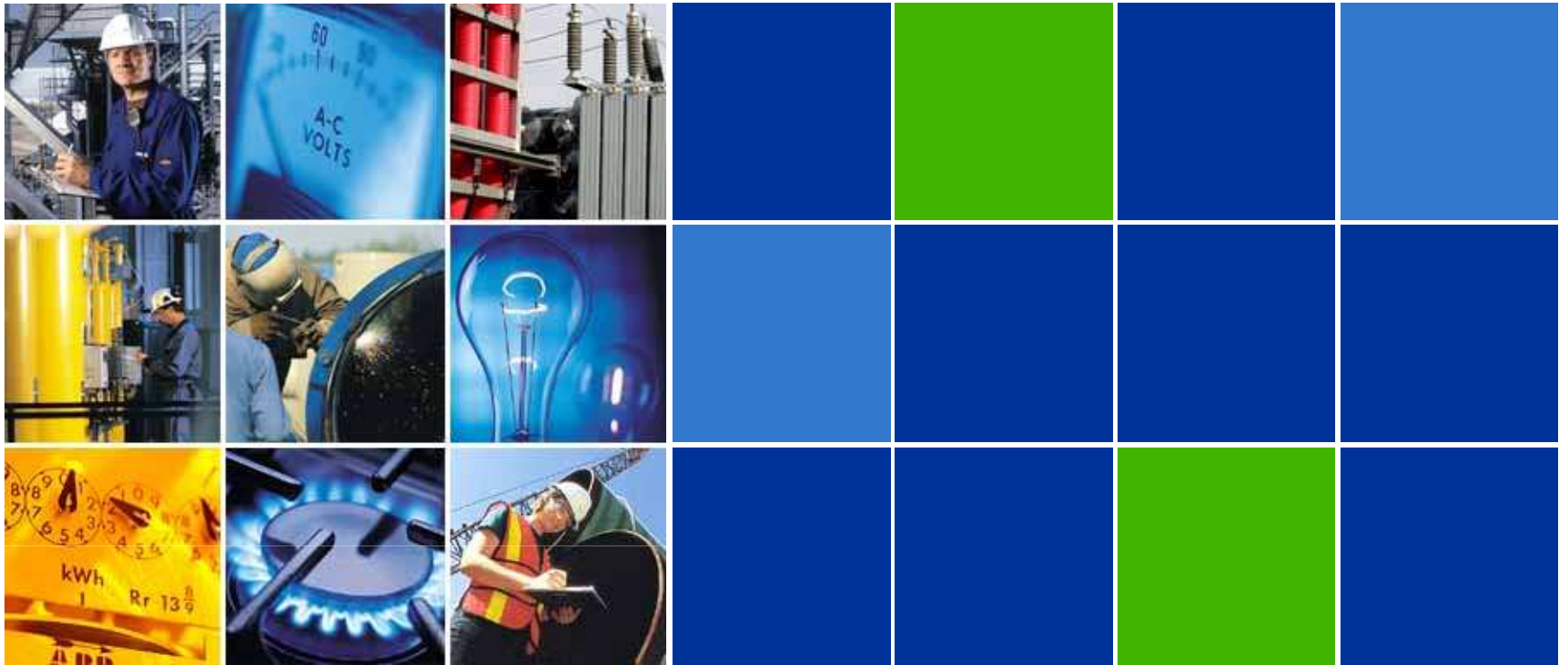


- In-State Gas Study
 - Contract awarded to Northern Economics
- Anchorage Office
 - Open in early 2009
 - Expansion planned later this summer

Next Steps Through Open Season to July 2010



- Complete cost estimate
 - Engineering, environmental, field work, etc.
- Finalize Commercial Terms and Precedent Agreements
- Advance Canadian First Nations Participation Agreements and Fort Nelson issue
- Complete In-State Gas Study
- Ongoing discussions with potential customers
- State/EM dialogue on issues to achieve successful initial Open Season
- File Open Season package with FERC and obtain approval
- Conduct Open Season



Thank You