

TRANSCANADA PIPELINES LTD  
Form SUPPL  
February 26, 2014

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**PROSPECTUS SUPPLEMENT**  
(To Prospectus dated December 2, 2013)

## **TransCanada PipeLines Limited**

**U.S.\$1,250,000,000 4.625% Senior Notes Due 2034**

**Interest payable March 1 and September 1**  
**Issue price: 99.548%**

The notes will mature on March 1, 2034. Interest will accrue on the notes from February 28, 2014. We may redeem some or all of the notes at any time at the applicable redemption price described under "Description of the Notes Optional Redemption" in this prospectus supplement. **The effective yield on the notes if held to maturity will be 4.66%. The notes will be issued in United States dollars.**

**Investing in the notes involves risk. See "Risk Factors" on page S-8 of this prospectus supplement and page 24 of the accompanying prospectus.**

Under applicable Canadian securities legislation, we may be considered to be a connected issuer of HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Mitsubishi UFJ Securities (USA), Inc., Mizuho Securities USA Inc., Credit Suisse Securities (USA) LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, each of which is a subsidiary or affiliate of one of our lenders to which we are currently indebted. See "Underwriting" in this prospectus supplement.

We are permitted, as a Canadian issuer under a multijurisdictional disclosure system adopted by the United States ("U.S."), to prepare this prospectus supplement and the accompanying prospectus in accordance with Canadian disclosure requirements. You should be aware that such requirements are different from those of the U.S. Our financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which is referred to as "U.S. GAAP".

Owning the notes may have tax consequences for you both in the U.S. and Canada. This prospectus supplement and the accompanying prospectus may not describe these tax consequences fully. You should read the tax discussion under "Certain Income Tax Considerations" in this prospectus supplement.

Your ability to enforce civil liabilities under the U.S. federal securities laws may be affected adversely because we are incorporated or organized under the laws of Canada, some or all of our officers and directors may be residents of Canada, some or all of the experts named in this prospectus supplement or the accompanying prospectus may be residents of Canada and a substantial portion of our assets and all or a substantial portion of the assets of those officers, directors and experts may be located outside of the U.S.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Proceeds

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	<b>Price to Public</b>	<b>Underwriting Commission</b>	
Per Note	99.548%	0.875%	98.673%
Total	U.S.\$1,244,350,000	U.S.\$10,937,500	U.S.\$1,233,412,500

The public offering price set forth above does not include accrued interest, if any.

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

The underwriters, as principals, conditionally offer these notes, subject to prior sale, if, as and when issued by us and accepted by the underwriters in accordance with the conditions contained in the underwriting agreement referred to under "Underwriting" in this prospectus supplement.

In connection with the offering, in order to facilitate the offering of the notes, the underwriters are permitted to engage in transactions that stabilize, maintain or otherwise affect the market price of the notes. The underwriters are not required to engage in these activities and may end any of these activities at any time. After the initial public offering of the notes, the public offering prices may be changed. Thus, the prices paid for notes may vary from purchaser to purchaser and may vary during the period of distribution. The compensation realized by the underwriters will be either increased or decreased by the amount that the aggregate price paid by purchasers of the notes differs from the gross proceeds paid to us by the underwriters. See "Underwriting".

We expect to deliver the notes to investors through the book-entry delivery system of The Depository Trust Company and its direct and indirect participants, including Euroclear Bank N.V./S.A. and Clearstream Banking, société anonyme, Luxembourg, against payment in New York, New York on or about February 28, 2014.

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*Joint Book-Running Managers*

**HSBC**

**J.P. Morgan**

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*Co-Managers*

**Citigroup**  
**Mitsubishi UFJ Securities**  
**Credit Suisse**

**Deutsche Bank Securities**  
**Mizuho Securities**  
**BofA Merrill Lynch**

The date of this prospectus supplement is February 25, 2014.

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

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the notes we are offering. The second part, the base shelf prospectus, gives more general information, some of which may not apply to the notes we are offering. The accompanying base shelf prospectus, dated December 2, 2013, is referred to as the "prospectus" in this prospectus supplement. Except on the cover page and in the "Description of the Notes," and unless the context otherwise requires, all references in this prospectus supplement to "we", "us", "our", or the "Corporation" refer to TransCanada PipeLines Limited and its subsidiaries, partnership interests and joint venture investments.

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

**EXCHANGE RATE DATA**

We publish our consolidated financial statements in Canadian dollars. In this prospectus supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and references to "Cdn.\$" or "\$" are to Canadian dollars and references to "U.S.\$" are to U.S. dollars.

The following table sets forth certain exchange rates based on the noon rate as reported by the Bank of Canada. Such rates are set forth as U.S. dollars per Cdn.\$1.00 and are the inverse of noon rates quoted by the Bank of Canada for Canadian dollars per U.S.\$1.00. On February 24, 2014, the inverse of the noon rate reported by the Bank of Canada was U.S.\$1.1058 per Cdn.\$1.00.

	<b>Year Ended December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
High	1.0164	1.0299	1.0583
Low	0.9348	0.9599	0.9430
Average (1)	0.9710	1.0004	1.0111
Period end	0.9402	1.0051	0.9833

(1) The average of the exchange rates on the last day of each month during the applicable period.

**FORWARD-LOOKING INFORMATION**

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

anticipated business prospects;

our financial and operational performance, including the performance of our subsidiaries;

expectations or projections about strategies and goals for growth and expansion;

expected cash flows and future financing options available to us;

expected costs for planned projects, including projects under construction and in development;

expected schedules for planned projects (including anticipated construction and completion dates);

expected regulatory processes and outcomes;

expected impact of regulatory outcomes;

expected outcomes with respect to legal proceedings, including arbitration;

expected capital expenditures and contractual obligations;

expected operating and financial results;

the expected impact of future accounting changes, commitments and contingent liabilities; and

expected industry, market and economic conditions.

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

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

inflation rates, commodity prices and capacity prices;

timing of financings and hedging;

regulatory decisions and outcomes;

foreign exchange rates;

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interest rates;

tax rates;

planned and unplanned outages and the use of our pipeline and energy assets;

integrity and reliability of our assets;

access to capital markets;

anticipated construction costs, schedules and completion dates; and

acquisitions and divestitures.

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

our ability to successfully implement our strategic initiatives;

whether our strategic initiatives will yield the expected benefits;

the operating performance of our pipeline and energy assets;

amount of capacity sold and rates achieved in our pipeline business;

the availability and price of energy commodities;

amount of capacity payments and revenues we receive from our energy business;

regulatory decisions and outcomes;

outcomes of legal proceedings, including arbitration;

performance of our counterparties;

changes in the political environment;

changes in environmental and other laws and regulations;

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competitive factors in the pipeline and energy sectors;

construction and completion of capital projects;

costs for labour, equipment and materials;

access to capital markets;

interest and foreign exchange rates;

weather;

cyber security;

technological developments; and

economic conditions in North America as well as globally.

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

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

### WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC, under the Securities Act, a registration statement on Form F-10 and an amendment thereto relating to the notes. This prospectus supplement and the prospectus, which constitute a part of the registration statement, do not contain all of the information contained in the registration statement, certain items of which are contained in the exhibits to the registration statement as permitted by the rules and regulations of the SEC. Statements included or incorporated by reference in the prospectus about the contents of any contract, agreement or other document referred to are not necessarily complete, and in each instance, prospective investors should refer to the exhibits for a complete description of the matter involved. Each such statement is qualified in its entirety by such reference.

We file annual and quarterly financial information, material change reports, business acquisition reports and other material with the Alberta Securities Commission and with the SEC. Under the multijurisdictional disclosure system adopted by the U.S., documents and other information that we file with the SEC may be prepared in accordance with the disclosure requirements of Canada, which are different from those of the U.S. Prospective investors may read and download any public document that we have filed with the Alberta Securities Commission on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com). Prospective investors may read and copy any document we have filed with the SEC at the SEC's public reference room in Washington D.C., and may also obtain copies of those documents from the public reference room of the SEC at 100 F Street, N.E., Washington, D.C. 20549 by paying a fee. Additionally, prospective investors may read and download some of the documents we have filed on the SEC's Electronic Data Gathering and Retrieval ("EDGAR") system web site at [www.sec.gov](http://www.sec.gov).

### DOCUMENTS INCORPORATED BY REFERENCE

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

The following documents, which were filed by us with the Alberta Securities Commission and with the SEC, are incorporated by reference into the prospectus:

- (a) audited comparative consolidated financial statements as at December 31, 2013 and 2012 and for each of the years in the three year period ended December 31, 2013, the notes thereto, and the auditors' report thereon;
- (b) management's discussion and analysis of financial condition and results of operations as at and for the year ended December 31, 2013 (the "MD&A"); and
- (c) annual information form for the year ended December 31, 2012 dated February 11, 2013 (the "Annual Information Form").

Any documents of the type referred to above, including all annual information forms, all information circulars, all annual and interim financial statements and management's discussion and analysis relating thereto, all material change reports (excluding confidential material change reports),

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press releases containing financial information for financial periods more recent than the most recent annual or interim financial statements, and any business acquisition reports, as well as all prospectus supplements disclosing additional or updated information subsequently filed by us with the Alberta Securities Commission after the date of this prospectus supplement and prior to the termination of the offering of notes hereunder shall be deemed to be incorporated by reference into the prospectus. These documents will be available through the internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com). In addition, any similar documents filed by us with the SEC in our periodic reports on Form 6-K or annual report on Form 40-F, and any other documents filed with or furnished to the SEC pursuant to Section 13(a), 13(c) or 15(d) of the Exchange Act, in each case after the date of this prospectus supplement and prior to the termination of the offering of notes hereunder, shall be deemed to be incorporated by reference into the registration statement of which this prospectus supplement forms a part, if and to the extent expressly provided in such reports. Our periodic reports on Form 6-K and our annual reports on Form 40-F are available on EDGAR at [www.sec.gov](http://www.sec.gov).

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

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## **RISK FACTORS**

*Before making an investment decision, investors should carefully consider the risks and uncertainties described under the heading "Risk Factors" in the accompanying prospectus and in our Annual Information Form and MD&A incorporated by reference in the prospectus. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations or an investment in the notes. If any such risks actually occur, an investment in the notes or our business, financial condition and operating results could be materially harmed.*

## **TRANSCANADA PIPELINES LIMITED**

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

Our principal subsidiaries as of December 31, 2012 are indicated in the diagram under the heading "TransCanada PipeLines Limited Intercorporate Relationships" in the Annual Information Form. All of the outstanding common shares of the Corporation are owned by TransCanada Corporation.

### **Consolidated Capitalization**

There have been no material changes in our share and loan capital on a consolidated basis since December 31, 2013.

### **Enforcement of Judgments Obtained in Canada Against U.S. Directors**

Each of Paula R. Reynolds, John Richels, Mary Pat Salomone and W. Thomas Stephens, who are directors of the Corporation, reside outside of Canada and have appointed the Corporation, having its registered office and principal executive office at 450 1st Street S.W., Calgary, Alberta, Canada T2T 5H1, as agent for service of process in Canada.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

## SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth selected consolidated financial data as at the dates or for the periods indicated prepared in accordance with U.S. GAAP. The financial data should be read in conjunction with our consolidated financial statements and the related notes and MD&A included in the documents described under "Documents Incorporated by Reference" in this prospectus supplement. Historical results are not necessarily indicative of the results that may be expected for any future period.

	Year Ended December 31	
	2013	2012
(millions of dollars)		
<b>Consolidated Statement of Income Data:</b>		
Revenues	\$ 8,797	\$ 8,007
Income from equity investments	597	257
Operating and other expenses		
Plant operating costs and other	2,674	2,577
Commodity purchases resold	1,317	1,049
Property taxes	445	434
Depreciation and amortization	1,485	1,375
	5,921	5,435
Financial charges	974	912
Income before income taxes	2,499	1,917
Income tax expense	605	461
Net income	1,894	1,456
Net income attributable to non-controlling interests	105	96
Net income attributable to controlling interests	1,789	1,360
Preferred share dividends	20	22
Net income attributable to common shares	\$ 1,769	\$ 1,338

	Year Ended December 31	
	2013	2012
(millions of dollars)		
<b>Consolidated Statement of Cash Flows Data:</b>		
Funds generated from operations (1)	\$ 3,977	\$ 3,259
(Increase)/decrease in operating working capital	(334)	287
Net cash provided by operations	\$ 3,643	\$ 3,546
Net cash used in investing activities	\$ (5,120)	\$ (3,256)
Dividends on common and preferred shares	\$ 1,308	\$ 1,248

(1)

We use the measure "funds generated from operations". This measure does not have any standardized meaning in U.S. GAAP and is therefore considered to be a non-GAAP measure. This measure is unlikely to be comparable to similar measures presented by other entities. This measure has been used to provide potential investors with additional information on our liquidity and our ability to

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generate funds to finance our operations. Funds generated from operations are comprised of net cash provided by operations before changes in operating working capital. A reconciliation of funds generated from operations to net cash provided by operations is presented in the MD&A incorporated by reference in the prospectus.

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	As At	
	December 31,	
	2013	2012
	(millions of dollars)	
<b>Consolidated Balance Sheet Data:</b>		
Cash and cash equivalents	\$ 895	\$ 537
Total assets		
Natural Gas Pipelines	25,165	23,210
Oil Pipelines	13,253	10,485
Energy	13,747	13,157
Corporate	4,461	4,450
	\$ 56,626	\$ 51,302
Notes payable	\$ 1,842	\$ 2,275
Current portion of long-term debt	973	894
Long-term debt	21,892	18,019
Junior subordinated notes	1,063	994
Preferred shares	194	389
Common shareholder's equity	19,827	17,915

#### USE OF PROCEEDS

We estimate that the net proceeds of the offering of the notes, after deducting estimated expenses of the offering and the underwriting commission, will be approximately U.S.\$1,231,812,500. We intend to use the net proceeds of this offering for general corporate purposes and to reduce short term indebtedness of the Corporation and its affiliates, which short term indebtedness was used to fund the Corporation's capital program and for general corporate purposes. The Corporation may invest funds that it does not immediately require in short-term marketable debt instruments.

**EARNINGS COVERAGE**

The following financial ratios have been calculated on a consolidated basis for the 12-month period ended December 31, 2013 and are based on audited financial information for the 12-month period ended December 31, 2013. The following financial ratios give pro forma effect to the issuance of the notes pursuant to this prospectus supplement and the intended use of proceeds therefrom. Adjustments for other normal course issuances and repayments of long-term debt subsequent to December 31, 2013 would not materially affect the ratios and, as a result, have not been made. The financial ratios have been calculated based on information within our financial statements for the related period.

	<b>December 31, 2013</b>
Earnings coverage on long-term debt and current liabilities	2.5 times
Earnings coverage on long-term debt, current liabilities and first preferred shares	2.4 times (1)

- (1) Gives effect to the dividends declared on the Corporation's outstanding cumulative first preferred shares, without par value (series Y) (the "First Preferred Shares"), in the aggregate amount of \$15 million for the 12-months ended December 31, 2013.

The Corporation's interest expense requirements for the 12-month period ended December 31, 2013 after giving pro forma effect to the issuance of the notes pursuant to this prospectus supplement and the intended use of proceeds therefrom amounted to approximately \$1.409 billion including dividends declared on its issued and outstanding First Preferred Shares and \$1.394 billion excluding dividends declared on its issued and outstanding First Preferred Shares. The Corporation's earnings before interest expense and income taxes amounted to approximately \$3.441 billion for the 12-month period ended December 31, 2013, which is 2.4 times the Corporation's pro forma interest requirements for that period including dividends declared on First Preferred Shares and 2.5 times the Corporation's pro forma interest requirements for that period excluding dividends declared on First Preferred Shares.

**DESCRIPTION OF THE NOTES**

The notes will be issued under a second amended and restated debt indenture, dated as of September 15, 2010, as supplemented or amended from time to time (the "Indenture"), between us and The Bank of New York Mellon, as Trustee. The following summary of certain provisions of the Indenture and the notes does not purport to be complete and is qualified in its entirety by reference to the actual provisions of the Indenture.

The following description of the terms of the notes offered hereby supplements, and to the extent inconsistent therewith supersedes, the description of the general terms and provisions of debt securities set forth under the heading "Description of Debt Securities" in the accompanying prospectus, and should be read in conjunction with that description. References in this "Description of the Notes" to "we", "us", "our" or the "Corporation" refer to TransCanada PipeLines Limited and not to any of its parent, subsidiaries, partnership interests and joint venture investments.

**General**

The trustee under the Indenture shall be referred to herein as the "Trustee", which term shall include, unless the context otherwise requires, its successors and assigns. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture. The term "debt securities", as used in this prospectus supplement, refers to all debt securities issued and issuable from time to time under the Indenture and includes the notes.

The notes will be issued under the Indenture in an aggregate principal amount of U.S.\$1,250,000,000. The notes will mature on March 1, 2034 and will bear interest at a rate of 4.625%

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per year. Interest on the notes will be payable semi annually on March 1 and September 1 of each year, commencing September 1, 2014 to the persons in whose names the notes are registered at the close of business on the preceding February 15 or August 15, respectively.

We may from time to time without notice to, or the consent of, the holders of the notes, create and issue additional notes under the Indenture, equal in rank to the notes in all respects so that the new notes may be consolidated and form a single series with the notes and have the same terms as to status, redemption and otherwise as the notes issued under this prospectus supplement.

The notes will be our direct unsecured obligations issued under the Indenture and will rank equally with all of our other unsecured and unsubordinated indebtedness other than preferred claims imposed by operation of law. In addition, our business operations are conducted in part through our subsidiaries and through joint ventures. As a result, the notes will be effectively subordinated to all existing and future liabilities of our subsidiaries and joint ventures. As at January 31, 2014, as determined under U.S. GAAP, the long-term debt (excluding guarantees and intercompany obligations between us and our subsidiaries) of our wholly-owned subsidiaries totaled approximately \$2 billion. At January 31, 2014, as determined under U.S. GAAP, our total consolidated long-term debt, junior subordinated notes and long-term debt due within one year was, in aggregate principal amount, approximately \$24 billion. There are no terms of the Indenture that limit our or our subsidiaries' or joint ventures' ability to incur additional indebtedness including, in the case of us and our subsidiaries and joint ventures, indebtedness that ranks, either effectively or by contract, senior to the notes. See "Description of Debt Securities Unsubordinated Debt" and "Description of Debt Securities Certain Covenants of the Corporation" in the accompanying prospectus.

The notes will be denominated in U.S. dollars and payments of principal (and premium, if any) and interest on the notes will be paid in U.S. dollars in the manner and on terms set out in the Indenture.

The notes offered by this prospectus supplement will not be entitled to any benefits of a sinking fund.

### **Optional Redemption**

Except as described below, the notes will be redeemable, in whole or in part, at our option at any time or from time to time at a redemption price equal to the greater of:

100% of the principal amount of the notes to be redeemed, and

as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed (not including any portion of the payments of interest accrued as of the date of redemption), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined below) plus 15 basis points,

plus, in either case, accrued interest thereon to the date of redemption.

On or after December 1, 2033 (three months prior to the maturity date of the notes), we may redeem the notes, in whole or in part, at our option at any time or from time to time at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued interest thereon to the date of redemption.

Notice of any redemption will be delivered by first-class mail at least 30 days, but not more than 60 days, before the redemption date to each holder of the notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions of the notes called for redemption.

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In the case of a partial redemption of the notes, selection of such notes for redemption will be made by the Trustee as it shall deem appropriate and fair (subject to the procedures of the depository for the notes). If the notes are redeemed in part, the notice of redemption shall provide for the principal amount to be redeemed. The notes may be redeemed in multiples equal to the minimum authorized denominations for the notes or any multiples thereof.

*"Adjusted Treasury Rate"* means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the redemption date.

*"Business Day"* means any day, other than a Saturday or Sunday, that is neither a legal holi