



The Credit Roundtable

In association with the Fixed Income Forum

May 1, 2018

Mr. Donald R. Marchand
Executive Vice President and Chief Financial Officer
TransCanada Corporation
450 – 1 Street S.W.
Calgary, Alberta T2P 5H1
Canada

Dear Mr. Marchand,

We are writing to express our concerns about the withholding of financial reports by Columbia Pipeline Group (“CPGX”) following its acquisition by TransCanada Corporation. Members of The Credit Roundtable,¹ together with non-members that co-signed this letter, own approximately 22% of all CPGX bonds outstanding as of April 20, 2018².

As you know, all CPGX bonds currently outstanding were issued in May 2015, nearly all of which were exchanged in April 2016 for bonds registered with the United States Securities and Exchange Commission (“SEC”) as part of a registration rights agreement. On pages 37 and 38 of the prospectus filed on April 14, 2016, CPGX stated:

So long as any Notes are outstanding, we will file with the trustee copies, within 15 days after we are required to file the same with the Commission, 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 we may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act, or, if we are 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, if any, which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations.

Despite the plain reading of this text, CPGX elected to stop providing financial reports to bondholders and to the public after ceasing to be an Exchange Act filer. We are aware that the SEC has not published rules and regulations under Sections 314(a)(1) - (a)(3) of the Trust Indenture Act

¹ Formed in 2007, The Credit Roundtable (“CRT”), organized in association with the Fixed Income Forum, is a group of large institutional fixed income managers including investment advisors, insurance companies, pension funds, and mutual fund firms, responsible for investing more than \$3.8 trillion of assets. The Credit Roundtable advocates for creditor rights through education and outreach and works to improve fixed income corporate actions, ineffective covenants, and the underwriting and distribution of corporate debt. Its mission is to improve risk assessment and management through education and seeks to benefit all bond market participants through increasing transparency, market efficiency, and liquidity.

² According to regulatory filings and public documents as compiled by Bloomberg and internal estimates.

of 1939, and that the SEC has acknowledged the resulting lack of a regulatory obligation to continue providing financial reports to the trustee of the bonds.

However, we are also aware that Moody's and Fitch continue to receive what they call "timely and thorough" financial reports as a condition of providing a credit rating for CPGX. It appears, then, that financial reports continue to be generated by CPGX but are being withheld from current and prospective bondholders.

When asked for detailed financial reports from CPGX, TransCanada's investor relations staff referred several investors to regulatory filings with the Federal Energy Regulatory Commission ("FERC"). As you know, CPGX does not file financial statements with the FERC. Moreover, FERC filings do not provide a comprehensive assessment of any company's financial condition. In fact, Moody's and Fitch both confirmed that relying solely on FERC filings would be an "inadequate" basis for establishing a credit rating.

While the decision to withhold financial reports from bondholders may arguably be construed as adhering to the letter of the law, we believe that it strays far from the spirit and intent of the bond indenture. A plain reading of the indenture text cited earlier gives no indication that CPGX would be able to withhold financial reports from bondholders. The principle behind SEC-registered securities is to provide transparency, including relevant and timely information required by current bondholders to properly monitor their investments.

We ask that CPGX reinstate the reporting of financial statements in substantially the same form and timeliness of its reporting obligations when it was an Exchange Act filer. This is common practice among peers in the fixed income markets, where several privately-owned issuers provide financial statements to investors despite not being Exchange Act filers.

We are in the early stages of planning an advocacy campaign to urge the SEC to establish rules that enforce this reporting obligation. To our knowledge TransCanada is one of only a handful of issuers that have exploited this loophole, making it likely that TransCanada would be used as a case study in our advocacy campaign should this issue not be resolved.

We would appreciate the opportunity to discuss this matter with you further. Please contact Cathy Scott at 212-224-3083, or cathy.scott@iimemberships.com.

Kind Regards,

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
NORTHWESTERN MUTUAL INVESTMENT MANAGEMENT COMPANY, LLC
PACIFIC INVESTMENT MANAGEMENT COMPANY, LLC



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