

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **April 26, 2011**

**TC PipeLines, LP**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**000-26091**  
(Commission File  
Number)

**52-2135448**  
(IRS Employer  
Identification No.)

**13710 FNB Parkway**  
**Omaha, NE**  
(Address of principal executive offices)

**68154-5200**  
(Zip Code)

Registrant's telephone number, including area code **(877) 290-2772**

**Not Applicable**

(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01**      **Entry into a Material Definitive Agreement.**

*Purchase Agreements*

On April 26, 2011, TC PipeLines Intermediate Limited Partnership, a wholly-owned subsidiary of TC PipeLines, LP (the "Partnership"), entered into a definitive agreement with TransCanada American Investments Ltd. (the "GTN Purchase Agreement") to purchase a 25 percent membership interest in Gas Transmission Northwest LLC (the "GTN Interest") and a definitive agreement with TC Continental Pipeline Holdings Inc. (together with the GTN Purchase Agreement, the "Purchase Agreements") to acquire a 25 percent membership interest in Bison Pipeline LLC (the "Bison Interest") for a total transaction value of \$605 million, subject to certain closing adjustments (the "Acquisition"). The purchase price for the GTN Interest is \$405 million in cash less \$81.3 million, which reflects 25 percent of GTN's outstanding debt. The purchase price for the Bison Interest is \$200 million in cash less a \$9 million future capital commitment to complete the Bison pipeline. The purchase and sale of the GTN Interest is contingent upon the purchase and sale of the Bison Interest and vice versa. The Acquisition is expected to close in May, subject to customary closing conditions. Gas Transmission Northwest LLC ("GTN") and Bison Pipeline LLC ("Bison") are indirect, wholly-owned subsidiaries of TransCanada Corporation ("TransCanada"), which is the parent company of TC PipeLines GP, Inc., the general partner of the Partnership (the "General Partner").

*GTN Pipeline System*

GTN owns the GTN Pipeline system, a 1,353-mile natural gas transmission system originating near Kingsgate, British Columbia at the Canadian border and connecting with the Tuscarora pipeline system near Malin, Oregon at the California border (the "GTN Pipeline"). The GTN Pipeline transports Western Canada Sedimentary Basin ("WCSB") and Rocky Mountain-sourced natural gas to third-party natural gas pipelines and markets in Washington, Oregon and California. The GTN Pipeline has an average design capacity of approximately 2.9 Bcf/d. The original construction of the GTN Pipeline was completed in 1961, followed by expansions or extensions in 1993, 1995 and 2002.

GTN provides transportation service under rates and terms of service that are subject to approval by the Federal Energy Regulatory Commission ("FERC"). GTN's current maximum transportation rates were determined by a rate case settlement between GTN and its customers approved by the FERC

on January 7, 2008. The settlement agreement established a moratorium on rate changes until December 31, 2011, and requires GTN to submit a rate case with new rates to be effective by January 1, 2014. More than half of GTN Pipeline's capacity is under long-term contracts that expire between 2015 and 2028.

The GTN Pipeline competes with other pipelines that source natural gas from the WCSB and competes with other pipelines that serve the downstream markets served by GTN.

The GTN Pipeline is operated by a subsidiary of TransCanada. Subject to limited approval rights the Partnership has, most decisions regarding the GTN Pipeline system will be established by the GTN Management Committee, which upon closing of the Acquisition will include three members who are appointed by TransCanada and one member who is appointed by the Partnership.

#### *Bison Pipeline System*

Bison owns the Bison pipeline system, a 303-mile natural gas pipeline originating from the Powder River Basin near Gillette, Wyoming connecting to the Northern Border system in Morton County, North Dakota (the "Bison Pipeline"). Construction of the Bison Pipeline commenced in July 2010, and the pipeline was placed into service in January 2011.

Bison operates pursuant to rates and terms of service approved by the FERC in connection with the Bison Pipeline's initial construction. Bison has long-term transportation agreements with four shippers, all with terms expiring in 2021, for 407 MMcf/d comprising all of Bison Pipeline's current annual capacity.

The Bison Pipeline competes with other pipelines that transport Rocky Mountain basin gas supplies to markets in the West, Midwest and East in North America and with other pipelines that serve the same market area by sourcing natural gas from storage facilities and from other supply regions.

The Bison Pipeline is operated by a subsidiary of TransCanada. Subject to limited approval rights the Partnership has, most decisions of the Bison Pipeline will be established by the Bison Management Committee, which upon closing of the Acquisition will include three members who are appointed by TransCanada and one member who is appointed by the Partnership.

The Partnership intends to fund the Acquisition by (i) drawing up to \$125 million on the Partnership's \$250 million senior revolving credit facility, and (ii) drawing on a bridge loan credit facility for which the Partnership has received commitments of \$400 million and which is expected to close simultaneously with the closing of the Acquisition.

The foregoing descriptions of the Purchase Agreements are qualified in their entirety by reference to the Purchase Agreements, copies of which are filed herewith as Exhibits 2.1 and 2.2, and are incorporated herein by reference.

#### *Relationships*

As of April 26, 2011, TransCanada and its affiliates (other than the General Partner) own 11,287,725 common units and the Partnership's General Partner owns 5,797,106 common units, representing an aggregate 36.2 percent limited partner interest in the Partnership. In addition, the General Partner owns an aggregate two percent general partner interest in the Partnership through which it manages and operates the Partnership. As a result, TransCanada's aggregate ownership interest in the Partnership is 38.2 percent by virtue of its indirect ownership of the General Partner and 36.2 percent aggregate limited partner interest.

The Conflicts Committee of the Board of Directors of the General Partner, composed of independent directors, unanimously recommended approval of the Acquisition. The Conflicts Committee retained legal and financial advisors to assist it in evaluating and negotiating the Acquisition. The Board of Directors of the General Partner unanimously approved the terms of the Acquisition.

#### *Guaranties*

In connection with the Acquisition, TransCanada PipeLine USA Ltd., a subsidiary of TransCanada has guaranteed all obligations of TransCanada American Investments Ltd. under the GTN Purchase Agreement up to the purchase price of the GTN Interest and has guaranteed all obligations of TC Continental Pipeline Holdings Inc. under the Bison Purchase Agreement up to the purchase price of the Bison Interest. Both guaranties have a term of six years.

The foregoing descriptions of the guaranties are qualified in their entirety by reference to the guaranties, copies of which are filed herewith as Exhibits 10.1 and 10.2, and are incorporated herein by reference.

#### **Item 7.01 Regulation FD Disclosure.**

On April 26, 2011, the Partnership issued a press release regarding the Acquisition. A copy of the press release is furnished as Exhibit 99.1 hereto.

In accordance with General Instruction B.2 of Form 8-K, the press release is deemed to be "furnished" and shall not be deemed "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information and Exhibit be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

#### **Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
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2.1	Agreement for Purchase and Sale of Membership Interest dated as of April 26, 2011 between TransCanada American Investments Ltd., as Seller, and TC PipeLines Intermediate Limited Partnership, as Buyer.*
2.2	Agreement for Purchase and Sale of Membership Interest dated as of April 26, 2011 between TC Continental Pipeline Holdings Inc., as Seller, and TC PipeLines Intermediate Limited Partnership, as Buyer.*
10.1	Guaranty by TransCanada Pipeline USA Ltd. dated as of April 26, 2011 with respect to the obligations of TransCanada American Investments Ltd.
10.2	Guaranty by TransCanada Pipeline USA Ltd. dated as of April 26, 2011 with respect to the obligations of TC Continental Pipeline Holdings Inc.
99.1	Press Release dated April 26, 2011.

\* The schedules and exhibits to this agreement, as set forth in the Table of Contents of the agreement, have not been filed herewith pursuant to Item 601(b)(2) of Regulation S-K. The Partnership agrees to furnish any omitted materials to the Securities and Exchange Commission upon request.

### SIGNATURES

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 hereunto duly authorized.

**TC PipeLines, LP**  
 By: TC PipeLines GP, Inc.,  
 its general partner

By: /s/ Annie C. Belecki  
 Annie C. Belecki  
 Assistant Secretary

Dated: April 27, 2011

### EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
2.1	Agreement for Purchase and Sale of Membership Interest dated as of April 26, 2011 between TransCanada American Investments Ltd., as Seller, and TC PipeLines Intermediate Limited Partnership, as Buyer.*
2.2	Agreement for Purchase and Sale of Membership Interest dated as of April 26, 2011 between TC Continental Pipeline Holdings Inc., as Seller, and TC PipeLines Intermediate Limited Partnership, as Buyer.*
10.1	Guaranty by TransCanada Pipeline USA Ltd. dated as of April 26, 2011 with respect to the obligations of TransCanada American Investments Ltd.
10.2	Guaranty by TransCanada Pipeline USA Ltd. dated as of April 26, 2011 with respect to the obligations of TC Continental Pipeline Holdings Inc.
99.1	Press Release dated April 26, 2011.

\* The schedules and exhibits to this agreement, as set forth in the Table of Contents of the agreement, have not been filed herewith pursuant to Item 601(b)(2) of Regulation S-K. The Partnership agrees to furnish any omitted materials to the Securities and Exchange Commission upon request.

**AGREEMENT FOR PURCHASE AND SALE OF**

**OF**

**MEMBERSHIP INTEREST**

**by and between**

**TRANSCANADA AMERICAN INVESTMENTS LTD., as SELLER**

**and**

**TC PIPELINES INTERMEDIATE LIMITED PARTNERSHIP, as BUYER**

**April 26, 2011**

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**AGREEMENT FOR PURCHASE AND SALE  
OF  
MEMBERSHIP INTERESTS**

THIS AGREEMENT FOR PURCHASE AND SALE OF MEMBERSHIP INTEREST (this "Agreement"), is executed as of this 26th day of April, 2011, by and between TRANSCANADA AMERICAN INVESTMENTS LTD., a Delaware corporation ("Seller") and TC PIPELINES INTERMEDIATE LIMITED PARTNERSHIP, a Delaware limited partnership ("Buyer"). Seller and Buyer are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

## W I T N E S S E T H:

WHEREAS, Seller owns a 100% membership interest in Gas Transmission Northwest LLC, a Delaware limited liability company (“GTN LLC”), and is a party to the Limited Liability Company Agreement of GTN LLC, dated as of April 4, 2011, (the “GTN LLC Agreement”); and

WHEREAS, Buyer desires to purchase and acquire, and Seller desires to sell and assign, 25% of its membership interest in GTN LLC (the “GTN Interest”) pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

### ARTICLE I SALE AND PURCHASE

#### Section 1.01 Agreement to Sell and to Purchase GTN Interest.

At the Closing, and on the terms and subject to the conditions set forth in this Agreement, Seller shall sell, assign and deliver to Buyer, and Buyer shall purchase and accept from Seller, the GTN Interest.

#### Section 1.02 Purchase Price.

The purchase price to be paid by Buyer to Seller for the GTN Interest (the “Purchase Price”) shall equal the Closing Payment, which shall be adjusted in accordance with Section 1.03.

#### Section 1.03 Purchase Price Adjustment.

(a) Within ninety (90) days after the Closing, Seller shall prepare and deliver to Buyer a written statement (the “Working Capital Adjustment Statement”), together with supporting work papers with respect to the calculation of the amounts set forth therein, which reflects the Working Capital as of the Effective Date for GTN LLC. Seller agrees to cooperate with Buyer in connection with the preparation of the Working Capital Adjustment Statement and related information, and shall provide to Buyer and Buyer’s representatives such books, records,

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information, and access to such of GTN LLC’s or its Affiliates’ employees and properties during normal business hours, as may be reasonably requested from time to time by Buyer or its representatives.

(b) Buyer may dispute the Working Capital Adjustment Statement and the items reflected therein; provided, however, that Buyer shall notify Seller in writing of any disputed amounts, and provide a reasonably detailed description of the basis of such dispute, within ninety (90) days after Buyer’s receipt of the Working Capital Adjustment Statement. In the event of such a dispute, Buyer and Seller shall attempt to reconcile their differences and any resolution by them as to any disputed amounts shall be final, binding and conclusive on the Parties. If Buyer and Seller are unable to reach a resolution of any such differences within ninety (90) days after Seller’s receipt of Buyer’s written notice of dispute, Buyer and Seller shall submit the amounts remaining in dispute for determination and resolution to the Independent Accounting Firm, which shall be instructed to determine and report to the Parties, within ninety (90) days after such submission, a resolution of such remaining disputed amounts, and such resolution shall be final, binding and conclusive on the Parties hereto with respect to the remaining amounts disputed. The fees and disbursements of the Independent Accounting Firm shall be shared equally by Buyer, on the one hand, and Seller, on the other hand. For the avoidance of doubt, the Working Capital Adjustment Statement and the amounts reflected thereon shall be deemed to be modified to the extent of any changes thereto that become final, binding and conclusive on the Parties based on mutual agreement or a determination of the Independent Accounting Firm in accordance with this Section 1.03(b).

(c) Within five (5) Business Days after the earliest to occur of (i) a mutual written agreement of Buyer and Seller with respect to the Working Capital Adjustment Statement (ii) the termination of the ninety (90) day period described in Section 1.03(b) if Buyer does not provide a notice of dispute within such period as provided therein and (iii) the final determination of all such disputed amounts in accordance with Section 1.03(b), (A) if Working Capital as of the Effective Date exceeds the Estimated Working Capital, Buyer shall pay Seller twenty-five percent (25%) of the amount of such excess, and (B) if Working Capital as of the Effective Date is less than the Estimated Working Capital, Seller shall pay to Buyer twenty-five percent (25%) of the amount of such deficiency. All payments made pursuant to the previous sentence shall be paid together with interest thereon for the period commencing on the Effective Date through the date of payment, calculated at the Prime Rate in effect on the Effective Date, in cash by wire transfer of immediately available funds.

#### Section 1.04 Purchase Price Allocation for Tax Purposes.

Within two hundred and forty (240) days after the Closing Date, Buyer will provide to Seller a copy of Internal Revenue Service Form 8594 and any required exhibits thereto (the “Asset Acquisition Statement”) with Buyer’s proposed allocation of the Purchase Price and the liabilities of GTN LLC included in Buyer’s tax basis for the GTN Interest (and all other applicable amounts), among the assets of GTN LLC. If Seller disputes Buyer’s proposed allocation of the Purchase Price, Seller will give Buyer written notice of such dispute (“Tax Dispute Notice”) within thirty (30) days after receipt of the Asset Acquisition Statement setting forth the matters in dispute and the specific grounds of each dispute. If Buyer does not receive a Tax Dispute Notice from Seller within such thirty (30) day period, Seller will be deemed to have

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agreed to, and accepted, such Asset Acquisition Statement. Buyer and Seller will endeavor in good faith to resolve any disputes with respect to the Asset Acquisition Statement within fifteen (15) days after Buyer’s receipt of a Tax Dispute Notice from Seller and if the Parties cannot resolve any such disputes within such fifteen (15) day period, Buyer shall engage a nationally recognized independent accounting, law or appraisal firm chosen jointly by Buyer and Seller for resolution. Both Buyer and Seller agree to accept such firm’s determination of the Asset Acquisition Statement and agree to file Form 8594 with

the Internal Revenue Service in accordance with such allocation. Any fees, costs and expenses for such engagement will be borne equally by Buyer and Seller.

Section 1.05 Time and Place of the Closing.

Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Orrick, Herrington & Sutcliffe LLP, 405 Howard Street, San Francisco, CA 94105 at 10:00 a.m., local time, on the fifth (5<sup>th</sup>) Business Day following the date on which all of the conditions to each Party's obligations hereunder have been satisfied or waived (other than conditions to be satisfied at the Closing), or at such other place or time as the Parties may agree. The date and time at which the Closing actually occurs is hereinafter referred to as the "Closing Date." Other than with respect to those matters that are effective or applicable as of the Effective Date as expressly provided herein, the Closing shall be effective for all purposes as of 12:01 a.m. Eastern time on the Closing Date.

Section 1.06 Closing Statement; Closing Payment.

(a) On the third (3<sup>rd</sup>) Business Day prior to Closing, Seller shall deliver to Buyer a statement (the "Closing Statement") setting forth (i) the Estimated Working Capital and (ii) the Interest Amount. The Closing Statement shall be prepared by Seller in good faith and be accompanied by reasonably detailed supporting documentation.

(b) At the Closing, Buyer shall pay or cause to be paid to Seller, in cash, an amount equal to the Closing Payment by wire transfer of immediately available funds to the account or accounts designated by Seller prior to the Closing.

Section 1.07 Deliveries by Seller.

At the Closing, Seller shall deliver or cause to be delivered to Buyer the following:

(a) the Assignment and Assumption Agreement, duly executed by Seller;

(b) an executed certificate of non-foreign status satisfying the requirements of Treasury Regulation Section 1.445-2(b) (2) (substantially in the form attached hereto as Exhibit A);

(c) the amended and restated limited liability company agreement of GTN LLC in the form attached hereto as Exhibit D (the "GTN A&R LLC Agreement"), duly executed by Seller; and

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(d) such other agreements, documents, instruments and writings as are expressly required to be delivered by Seller at or prior to the Closing Date pursuant to this Agreement.

Section 1.08 Deliveries by Buyer.

At the Closing, Buyer shall deliver or cause to be delivered to Seller the following:

(a) the Closing Payment by wire transfer of immediately available funds;

(b) the Assignment and Assumption Agreement, duly executed by Buyer;

(c) the GTN A&R LLC Agreement, duly executed by Buyer; and

(d) such other agreements, documents, instruments and writings as are expressly required to be delivered by Buyer at or prior to the Closing Date pursuant to this Agreement.

**ARTICLE II  
REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller represents and warrants to Buyer that the statements contained in this Article II are correct and complete as of the date hereof as follows, except as set forth in the Schedules. All references to "GTN LLC" in this Article II shall be deemed to refer not only to GTN LLC but also to Gas Transmission Northwest Corporation and Gas Transmission Northwest CA, LLC, except with respect to the representations and warranties set forth in Section 2.08.

Section 2.01 Organization and Qualification.

Seller (a) is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, (b) has all requisite corporate power and authority to own and operate its business as presently conducted, and (c) is duly qualified as a foreign corporation and is in good standing in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary, except for such failures to be so qualified as would not reasonably be expected to have a Material Adverse Effect.

Section 2.02 Authorization; Validity and Effect of Transaction Agreements.

Seller has the requisite power and authority to execute, deliver and perform its obligations under this Agreement and the other Transaction Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Transaction Agreements by Seller and the performance of its obligations hereunder and thereunder and the consummation of all of the transactions contemplated hereby and thereby have been (or, with respect to those Transaction Agreements to be delivered at the Closing, will, at or prior to the Closing, be) duly authorized by the board of directors (and, if required, shareholders) of Seller and by all other necessary corporate action, and no other proceedings



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Agreement and the Transaction Agreements have been (or, with respect to those Transaction Agreements to be delivered at the Closing, will at or prior to the Closing, be) duly and validly executed and delivered by Seller and constitute (or will constitute) legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

Section 2.03 No Conflict; Required Filings and Consents.

(a) Neither the execution and delivery by Seller of this Agreement and the Transaction Agreements, nor the performance by Seller of its obligations hereunder or thereunder, nor the consummation of the transactions contemplated hereby and thereby, will: (i) conflict with, or result in the breach of, any provision of the certificate of incorporation or bylaws of Seller; (ii) violate any Applicable Laws; or (iii) except as set forth on Schedule 2.03(a), conflict with or result in any violation or breach of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation, suspension, modification or acceleration of any obligation or any increase in any payment required by, or the impairment, loss or forfeiture of any Material benefits, rights or privileges under, or the creation of a Lien on any assets pursuant to (any such conflict, violation, breach, default, right of termination, cancellation or acceleration, loss or Lien, a "Violation") any Contract (A) to which Seller is a party, (B) by which Seller or any of its assets or properties are bound or affected, or (C) pursuant to which Seller is entitled to any rights or benefits, except for such Violations which would not reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth on Schedule 2.03(b), no consent, approval, authorization, exemption or waiver of or permit from, or declaration, filing or registration with, any Governmental Authority or any other Person is required to be made or obtained by Seller in connection with the execution, delivery and performance of this Agreement or the other Transaction Agreements or the consummation of the transactions contemplated hereby or thereby, except where the failure to obtain such consent, approval, authorization, permit or declaration or to make such filing or registration would not reasonably be expected to have a Material Adverse Effect.

Section 2.04 Ownership and Delivery of the GTN Interest.

Seller is the sole legal and beneficial owner of 100% of the membership interests in GTN LLC. Except as set forth on Schedule 2.04, at the Closing, Seller will transfer good and valid title to the GTN Interest to Buyer, free and clear of any and all Liens. There are no outstanding subscriptions, options, warrants, calls, rights, commitments, arrangements, understandings or agreements of any character affecting Seller's right to transfer the GTN Interest as contemplated herein.

Section 2.05 No Brokers.

Seller does not have any liability to pay any compensation to any broker, finder or agent with respect to the transactions contemplated hereby.

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Section 2.06 Legal Proceedings.

There are no actions or proceedings pending or, to the Knowledge of Seller, threatened, against Seller before any court, arbitrator or Governmental Authority acting in an adjudicative capacity which, if adversely determined, would prohibit or restrain the execution, delivery or performance by Seller of this Agreement or the Transaction Agreements or any of the transactions contemplated hereby or thereby. Seller is not subject to any outstanding judgments, rules, orders, writs, injunctions or decrees of any court or Governmental Authority which would prohibit or restrain the execution, delivery or performance by Seller of this Agreement, the Transaction Agreements or any of the transactions contemplated hereby or thereby.

Section 2.07 Absence of Certain Changes.

Except as set forth on Schedule 2.07, between December 31, 2010 and the date hereof: (a) GTN LLC has not incurred any liabilities or obligations, fixed, contingent, accrued or otherwise that are of the type that are required to be set forth on a balance sheet prepared in accordance with GAAP (except for liabilities and obligations incurred in the ordinary course of business); (b) GTN LLC has conducted the Business, in all Material respects, in the ordinary course; and (c) no event, occurrence or other matter has occurred that would reasonably be expected to have a Material Adverse Effect.

Section 2.08 GTN LLC Organization and Qualification.

GTN LLC (a) is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, (b) has all requisite limited liability company power and authority to own and operate its business as presently conducted and (c) is duly qualified as a foreign limited liability company in each of the jurisdictions where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary, except for such failures to be so qualified as would not reasonably be expected to have a Material Adverse Effect.

Section 2.09 No Subsidiaries.

(a) GTN LLC does not own any equity interest in any Person.

(b) GTN LLC is not a party to any Contract, or otherwise subject to any legal restriction, restricting its ability to distribute profits or make any other similar distributions, except (i) as set forth in Schedule 2.09(b) and (ii) for legal restrictions, if any, under the Delaware Limited Liability Company Act.

Copies of the unaudited financial statements (including any notes and schedules thereto) of GTN LLC as at December 31, 2010 are attached as Schedule 2.10 (the "Financial Statements"). The Financial Statements (including in each case any related schedules and notes) fairly present in all Material respects the financial position of GTN LLC as of the date specified therein, and the results of its operations for the respective period so specified, and have been prepared in accordance with GAAP consistently applied throughout the period involved.

Section 2.11 Litigation; Observance of Orders.

(a) Except as set forth on Schedule 2.11(a), there are no actions, suits or proceedings pending or, to the Knowledge of Seller, threatened against GTN LLC in any court or before any arbitrator of any kind or before or by any Governmental Authority that would reasonably be expected to have a Material Adverse Effect.

(b) GTN LLC is not in default under any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority which default would reasonably be expected to have a Material Adverse Effect.

Section 2.12 Tax Matters.

Except as set forth in Schedule 2.12:

(a) all Material Tax Returns required to be filed by or with respect to GTN LLC have been or will be timely filed with the appropriate taxing authorities in all jurisdictions in which such Tax Returns are required to be filed;

(b) such Tax Returns are or will be true and correct in all Material respects, and all Taxes reported on such Tax Returns have been or will be timely paid;

(c) all Material Taxes and Tax liabilities due by or with respect to the income, assets or operations of GTN LLC for all taxable years or portions thereof that end on or before the Closing Date have been timely paid or will be timely paid;

(d) GTN LLC has not, with respect to itself or its assets, extended or waived the application of any statute of limitations of any jurisdiction regarding the assessment or collection of any Tax;

(e) there are no audits, claims, assessments, levies, administrative proceedings or lawsuits pending, or to the Knowledge of Seller, threatened against GTN LLC by any taxing authority and GTN LLC has not received any written notices from any taxing authority relating to any issue which could have a Material affect on the Tax liability of GTN LLC after the Closing Date;

(f) no election has been made by GTN LLC (since the Conversion) to be classified as an association taxable as a corporation for U.S. federal, state or local income tax purposes and GTN LLC is currently treated as a disregarded entity for all such purposes;

(g) there are no Liens for Taxes (other than for current Taxes not yet due or payable) upon the assets of GTN LLC;

(h) none of the assets of GTN LLC, directly or indirectly, secures any debt the interest on which is tax exempt under Section 103(a) of the Code;

(i) Seller is not a person other than a United States person within the meaning of the Code and the transactions contemplated herein are not subject to the tax withholding provisions of the Code;

(j) all Taxes which GTN LLC is (or was) required by law to withhold or collect in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party have been duly withheld or collected, and have been or will be timely paid over to the proper authorities to the extent due and payable;

(k) there are no Tax sharing, allocation, indemnification or similar agreements in effect as between GTN LLC, on the one hand, and any other party (including Seller and its other Affiliates and any predecessors thereof), on the other hand, under which Buyer or GTN LLC could be liable for any Taxes of any such party after the Closing Date;

(l) GTN LLC has not applied for, nor been granted, nor agreed to any accounting method change for which it will be required to take into account any adjustment under Section 481 of the Code or any similar provision of the Code or the corresponding tax laws of any nation, state or locality;

(m) since the Acquisition Date, no written claim has been made by any taxing Governmental Authority in a jurisdiction where GTN LLC does not file Tax Returns that GTN LLC is or may be subject to taxation by that jurisdiction; and

(n) since December 31, 2010, GTN LLC has incurred no Tax liabilities other than in the ordinary course of business.

Section 2.13 Title to Real and Personal Property.

Except as set forth in Schedule 2.13, GTN LLC has good title in fee simple to, or has valid rights to lease or use, by easement, license, Contract or otherwise, all items of real and personal property used in the ordinary course of the Business, in each case free and clear of all Liens, except those that (a) do not materially interfere with the current use of such property by GTN LLC or (b) constitute Permitted Encumbrances.

Section 2.14 Permits; Intellectual Property.

(a) GTN LLC owns or possesses all Permits, patents, copyrights, service marks, trademarks and trade names, or rights thereto, necessary (i) for the operation, ownership and maintenance of the GTN Pipeline and (ii) for the conduct of the Business, except where the failure to own or possess the same would not reasonably be expected to have a Material Adverse Effect. Since the Acquisition Date, GTN LLC has not received any written notice of any revocation or modification of any such Permit, patent, copyright, service mark, trademark or trade name nor has it received any written notice that such Permit, patent, copyright, service mark, trademark or trade name will not be renewed in the ordinary course of business.

(b) Since the Acquisition Date, GTN LLC has made all declarations and filings with the appropriate Governmental Authorities that are necessary for the ownership,

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maintenance or lease of its Material properties and the conduct of the Business, except where the failure to make the same would not reasonably be expected to have a Material Adverse Effect.

Section 2.15 Condition of Assets.

(a) The GTN Pipeline and all other tangible Material property owned by GTN LLC have been maintained in all Material respects to prevailing industry standards for similar assets and, except as set forth on Schedule 2.15(a), are in satisfactory operating condition and repair, ordinary wear and tear excepted.

(b) There are no capital expenditures currently required in order to preserve the satisfactory operating condition of the GTN Pipeline or other tangible Material property owned by GTN LLC, other than (i) as reflected in the GTN LLC Budget and (ii) normal maintenance expenditures that are incurred or expected to be incurred in the ordinary course of operating the Business.

Section 2.16 Employee Matters.

(a) GTN LLC does not have any employees. Except as set forth on Schedule 2.16(a), there are no employee or employee-benefit related liabilities to which GTN LLC is subject.

(b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby do not involve any transaction that, absent an applicable exemption, is subject to the prohibitions of Section 406(b) of ERISA or in connection with which, absent an applicable exemption, a Tax could be imposed pursuant to Section 4975(c)(1)(A)-(D) of the Code.

Section 2.17 No Violation or Default.

Except as set forth on Schedule 2.17, GTN LLC is not (a) in violation of the GTN LLC Agreement or its certificate of formation; (b) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, under any Contract to which GTN LLC is a party or by which it is bound or to which any of its property or assets are subject; or (c) in violation of any Applicable Law or any judgment or order of any court or arbitrator or Governmental Authority, except, in the case of clauses (b) and (c) above, for any such default or violation that would not reasonably be expected to have a Material Adverse Effect. Notwithstanding the foregoing, it is understood and agreed that the representations and warranties set forth in this Section 2.17 shall not apply to (i) matters relating to Taxes (as the sole and exclusive representations and warranties regarding Taxes are set forth in Section 2.12), (ii) Permits, declarations and filings (as the sole and exclusive representations and warranties regarding Permits, declarations and filings are set forth in Section 2.14), (iii) employee matters (as the sole and exclusive representations and warranties regarding employee matters are set forth in Section 2.16) or (iv) environmental matters (as the sole and exclusive representations and warranties regarding environmental matters are set forth in Section 2.20).

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Section 2.18 Material Agreements.

The Contracts set forth on Schedule 2.18 (collectively, the “Material Agreements”) constitute all Material gas transportation contracts, operation and maintenance agreements, construction contracts and other Material Contracts to which GTN LLC is a party or by which GTN LLC is bound or to which any of its property or assets is subject. The Material Agreements have been duly authorized, executed and delivered by GTN LLC and constitute valid and legally binding agreements of GTN LLC, enforceable against GTN LLC in accordance with their terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors’ rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

Section 2.19 Insurance.

GTN LLC has insurance with Reputable Insurers covering its properties (including the GTN Pipeline and related equipment) against loss or damage of the kinds customarily insured against by companies similarly situated in the industry in which GTN LLC conducts the Business, in such amounts and with such deductibles as is customary of similarly situated companies and, since the Acquisition Date, GTN LLC has not received written notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance.

Section 2.20 Compliance With Environmental Laws.

Except as set forth on Schedule 2.20, since the Acquisition Date, GTN LLC: (a) has been operated in compliance with any and all Environmental Laws; (b) has received and is in compliance with all Permits required under applicable Environmental Laws to conduct the Business; (c) has not been the subject of any outstanding order or judgment from a Governmental Authority under applicable Environmental Laws requiring remediation or payment of a fine in an amount in excess of \$500,000 individually or in aggregate; and (d) has not received any written notice of any actual or potential liability for the

violation of, or noncompliance with any Environmental Law, or the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants under any Environmental Law, except in the case of the foregoing clauses (a) and (b) for any such noncompliance as would not reasonably be expected to have a Material Adverse Effect. Except for actions and conditions which have not had and would not reasonably be expected to have a Material Adverse Effect, to the Knowledge of Seller, no condition exists on any property currently owned or leased by GTN LLC which would subject GTN LLC or such property to any remedial obligations or liabilities.

Section 2.21 No Conflict; Required Filings and Consents Applicable.

(a) Except as set forth on Schedule 2.21(a), neither the execution and delivery by Seller of this Agreement or the Transaction Agreements, nor the performance by Seller of the obligations hereunder or thereunder, nor the consummation of the transactions contemplated hereby or thereby, will result in a Violation of any Contract (i) to which GTN LLC is a party, (ii)

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by which GTN LLC or any of its assets or properties are bound or affected or (iii) pursuant to which GTN LLC is entitled to any rights or benefits, except for such Violations which would not reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth on Schedule 2.21(b), no consent, approval, authorization, exemption or waiver of or permit from, or declaration, filing or registration with, any Governmental Authority or any other Person is required to be made or obtained by GTN LLC in connection with the execution, delivery and performance by Seller of this Agreement or the Transaction Agreements or the consummation of the transactions contemplated hereby or thereby, except where the failure to obtain such consent, approval, authorization, permit or declaration or to make such filing or registration would not reasonably be expected to have a Material Adverse Effect.

Section 2.22 Intercompany Matters.

Except for the Transaction Documents or as set forth in Schedule 2.22, there are no intercompany contracts or other arrangements between GTN LLC, on the one hand, and Seller or its other Affiliates, on the other hand, that (a) can not be terminated by GTN LLC upon notice of thirty (30) days or less and (b) would subject GTN LLC to any obligations or liabilities, or otherwise bind GTN LLC subsequent to the Closing.

**ARTICLE III  
REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer hereby represents and warrants to Seller as follows:

Section 3.01 Organization and Qualification of Buyer.

Buyer is a limited partnership duly organized, validly existing and in good standing under the laws of Delaware. Buyer has all requisite power and authority to own and operate its business as presently conducted. Buyer is duly qualified as a foreign limited partnership and is in good standing in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary, except for such failures to be so qualified as would not reasonably be expected to have a material adverse effect on Buyer.

Section 3.02 Authorization; Validity and Effect of Transaction Agreements.

Buyer has the requisite power and authority to execute, deliver and perform its obligations under this Agreement and the other Transaction Agreements and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the other Transaction Agreements by Buyer and the performance by it of its obligations hereunder and thereunder and the consummation of all of the transactions contemplated hereby and thereby have been (or, with respect to those Transaction Agreements to be delivered at the Closing, will, at or prior to the Closing, be) duly authorized by Buyer's general partner and by all other necessary limited partnership action on the part of it, and no other proceedings are (or will be) necessary for Buyer to authorize this Agreement or the other Transaction Agreements and the transactions contemplated hereby and thereby. This Agreement and the other Transaction Agreements have been (or, with respect to those Transaction Agreements to be delivered at the

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Closing, will, at or prior to the Closing, be) duly and validly executed and delivered by Buyer and constitute (or will constitute) legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

Section 3.03 No Conflict; Required Filings and Consents Applicable to Buyer.

(a) Neither the execution and delivery by Buyer of this Agreement or the other Transaction Agreements, nor the performance by Buyer of its obligations hereunder or thereunder, nor the consummation of the transactions contemplated hereby or thereby, will: (i) conflict with, or result in the breach of, any provision of its certificate of limited partnership or limited partnership agreement or any other governing or organizational document of Buyer; (ii) violate any Applicable Law; or (iii) conflict with or result in any Violation of any Contract (A) to which Buyer is a party, (B) by which Buyer or any of its assets or properties is bound or affected or (C) pursuant to which Buyer is entitled to any rights or benefits, except for such Violations which would not reasonably be expected to have a material adverse effect on Buyer.

(b) No consent, approval, authorization, exemption or waiver of or permit from, or declaration, filing or registration with, any Governmental Authority or any other Person is required to be made or obtained by Buyer in connection with the execution, delivery and performance of this Agreement or the other Transaction Agreements or the consummation of the transactions contemplated hereby or thereby, except where the failure to obtain such consent, approval, authorization, permit or declaration or to make such filing or registration would not reasonably be expected to have a material adverse effect on Buyer.

Section 3.04 No Brokers.

Buyer has no liability to pay any compensation to any broker, finder or agent with respect to the transactions contemplated hereby based upon arrangements made by or on behalf of Buyer.

Section 3.05 Legal Proceedings Relating to Buyer.

There are no actions or proceedings pending or, to Buyer's knowledge, threatened against Buyer before any court or Governmental Authority acting in an adjudicative capacity, which, if adversely determined, would prohibit or restrain the execution, delivery or performance of this Agreement or the other Transaction Agreements or any of the transactions contemplated hereby or thereby. Buyer is not subject to any outstanding judgments, rules, orders, writs, injunctions or decrees of any court or Governmental Authority which would prohibit or restrain the execution, delivery or performance of this Agreement, the other Transaction Agreements or any of the transactions contemplated hereby or thereby.

Section 3.06 Acquisition for Investment.

Buyer has such knowledge and experience in financial and business matters that Buyer is capable of evaluating the merits and risks of the investment contemplated by this Agreement and

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making an informed investment decision with respect thereto. Buyer is acquiring the GTN Interest for Buyer's own account for investment only and not with a view to, or any present intention of, effecting a distribution of the GTN Interest in violation of the Securities Act. Buyer acknowledges that the GTN Interest has not been registered under the Securities Act or the securities laws of any state or other jurisdiction and cannot be disposed of except in accordance with the Securities Act and any applicable state laws. Buyer is an accredited investor (within the meaning of Regulation D promulgated under the Securities Act).

Section 3.07 No Other Representations; Waiver of Implied Warranties.

Except as provided in Article II of this Agreement, Seller has not made and does not make any other representations or warranties as to the GTN Interest, GTN LLC, the Business or any matter or thing affecting or relating to GTN LLC or its business, operations, assets, properties, liabilities, financial condition, results of operation or other affairs. Buyer hereby waives, to the extent permitted by law, any implied warranty applicable to the transactions contemplated hereby (including any implied warranty of merchantability or fitness for a particular purpose). Buyer acknowledges that it has had the opportunity to conduct its own independent investigation, analysis and evaluation of the GTN Interest, GTN LLC and the Business.

**ARTICLE IV  
COVENANTS OF THE PARTIES**

Section 4.01 Expenses.

Buyer and Seller shall be solely responsible for their respective expenses and costs incurred in connection with the execution and performance of this Agreement, the other Transaction Agreements and the transactions contemplated hereby and thereby.

Section 4.02 Access to Information by Buyer.

Seller shall grant Buyer reasonable access during normal business hours to all books and records concerning GTN LLC which Seller has in its possession or control, as Buyer deems reasonably necessary or advisable in connection with the consummation of the transactions contemplated hereby; provided that such access shall not materially interfere with normal operations of Seller, GTN LLC or any of their respective Affiliates.

Section 4.03 Conduct of the Business Pending the Closing Date.

(a) Except as required or permitted by this Agreement, or otherwise approved in writing by Buyer (which approval shall not be unreasonably withheld, conditioned or delayed), during the period commencing on the date hereof and ending on the Closing Date, Seller will, and will cause GTN LLC to:

(i) operate and maintain the Business in all material respects in the usual, regular and ordinary manner consistent with past practices, and to the extent consistent with such operation and maintenance, preserve the present business organization of the Business;

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(ii) maintain its books, accounts and records relating to the Business in the usual, regular and ordinary manner, on a basis consistent with past practice, comply in all Material respects with all laws, rules or regulations of any Governmental Authority and contractual obligations applicable to the Business or to the conduct of the Business and perform all of its Material obligations relating to the Business;

(iii) not waive any Material claims or rights relating to the Business;

(iv) after obtaining Knowledge thereof, give notice to Buyer of any claim or litigation (threatened or instituted) or any other event or occurrence which would reasonably be expected to have a Material Adverse Effect, or which would reasonably be expected to cause Seller to breach any representation, warranty or covenant of Seller contained in this Agreement;

(v) not file an election to have GTN LLC classified as an association taxable as a corporation for U.S. federal, state or local income tax purposes; and

(vi) not agree, whether in writing or otherwise, to take any action which is inconsistent with this Section 4.03(a).

(b) Notwithstanding anything to the contrary in this Section 4.03, prior to the Closing Date, Buyer, on the one hand, and Seller, on the other hand, will act independently of each other in making decisions as to their respective businesses.

(c) Notwithstanding anything to the contrary in this Section 4.03, subsequent to the Effective Date and prior to the Closing Date, GTN LLC shall not make any distributions to the Seller.

Section 4.04 Disputes.

In the event of a Dispute, upon the written request (a "Request") of any Party to this Agreement, the matter shall immediately be referred to senior officers of each Party designated by such Party for resolution. The designated senior officers shall meet immediately and attempt in good faith to negotiate a resolution of the Dispute. If the Parties are unable to resolve the Dispute within fifteen (15) Business Days after receipt by a Party of a Request, then either Party may seek any legal avenue available under this Agreement to resolve the Dispute.

Section 4.05 Commercially Reasonable Efforts.

Each Party shall use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement and the other Transaction Agreements as soon as reasonably practicable, including such actions or things as any Party hereto may reasonably request in order to cause any of the conditions to any other Party's obligation to consummate such transactions specified in Article V to be fully satisfied, and as promptly as is reasonably practicable cooperate with and furnish information to each other in connection with any requirements imposed upon any of them with respect thereto.

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Section 4.06 Schedules.

(a) Any information disclosed by any Party hereto pursuant to any Schedule hereto shall be deemed to be disclosed to the other Party for all purposes of this Agreement and the Transaction Agreements. Neither the specification of any dollar amount or any item or matter in any provision of this Agreement or any Transaction Agreement nor the inclusion of any specific item or matter in any Schedule hereto or thereto is intended to imply that such amount, or higher or lower amounts, or the item or matter so specified or included, or other items or matters, are or are not Material, and no Party shall use the fact of the specification of any such amount or the specification or inclusion of any such item or matter in any dispute or controversy between the Parties as to whether any item or matter is or is not Material for purposes of this Agreement or any Transaction Agreement. Neither the specification of any item or matter in any provision of the Agreement or any Transaction Agreement nor the inclusion of any specific item or matter in any Schedule hereto or thereto is intended to imply that such item or matter, or other items or matters, are or are not in the ordinary course of business, and no Party shall use the fact of the specification or the inclusion of any such item or matter in any dispute or controversy between the parties as to whether any item or matter is or is not in the ordinary course of business for purposes of this Agreement or any Transaction Agreement.

(b) Each Party shall from time to time prior to or at the Closing, supplement or amend any Schedule hereto to correct any matter which would constitute a breach of any representation, warranty, covenant or obligation contained herein. No such supplement or amendment shall be deemed to cure any breach for purposes of Section 5.02(a) or Section 5.03(a) (as applicable). If, however, the Closing occurs, any such supplement and amendment relating to matters arising after the date hereof will be effective to cure and correct for all purposes any inaccuracy in or breach of any representation, warranty, covenant or obligation which would have existed if such Party had not made such supplement or amendment, and all references to any Schedule hereto which is supplemented or amended as provided in this Section 4.06 shall for all purposes after the Closing be deemed to be a reference to such Schedule as so supplemented or amended.

**ARTICLE V**  
**CONDITIONS PRECEDENT**

Section 5.01 Conditions to Obligation of Each Party to Close.

The respective obligations of each Party to effect the transactions contemplated hereby shall be subject to the satisfaction or waiver at or prior to the Closing Date of all of the following conditions:

(a) No Orders. No statute, rule, regulation, executive order, decree, ruling, permanent injunction or other permanent order shall have become effective (and final and nonappealable) permanently restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement or the other Transaction Agreements.

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(b) Closing of Bison. The closing of the transactions contemplated under the Bison PSA shall occur contemporaneously with the Closing.

Section 5.02 Conditions to Seller's Obligation to Close.

Seller's obligation to effect the transactions contemplated hereby shall be subject to the satisfaction or waiver on or prior to the Closing Date of all of the following conditions:

(a) Representations and Warranties; Covenants. The representations and warranties of Buyer contained in Article III shall be true and correct in all material respects (except where such representations and warranties are already modified by materiality, in which case, such representations and warranties shall be true and correct in all respects) on and as of the date of execution of this Agreement and on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on, as of and with reference to such time, and Buyer shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by Buyer at or prior to the Closing Date. Buyer shall have delivered a certificate to Seller at Closing attesting to these matters.

Section 5.03 Conditions to Buyer's Obligation to Close.

Buyer's obligation to effect the transactions contemplated hereby shall be subject to the satisfaction or waiver on or prior to the Closing Date of all of the following conditions:

(a) Representations and Warranties; Covenants. The representations and warranties of Seller contained in Article II shall be true and correct in all material respects (except where such representations and warranties are already modified by materiality, in which case, such representations and warranties shall be true and correct in all respects) on and as of the date of execution of this Agreement and on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made by Seller on, as of and with reference to such time, and Seller shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by Seller at or prior to the Closing Date. Seller shall have delivered a certificate to Buyer at Closing attesting to these matters.

(b) No Material Adverse Effect. No Material Adverse Effect shall have occurred since the date hereof.

**ARTICLE VI**  
**SURVIVAL; INDEMNIFICATION**

Section 6.01 Survival.

The representations, warranties, covenants, agreements and indemnification obligations of the Parties contained in this Agreement shall survive the Closing until eighteen (18) months from the Closing Date and shall thereafter terminate and expire on the first Business Day following the date that is eighteen (18) months from the Closing Date; provided, however, that: (a) the representations and warranties of Seller contained in Section 2.12 (Taxes) (and the

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indemnification obligations of Seller with respect thereto, as set out in Section 7.05) shall survive until the expiration of the applicable statute of limitations; (b) the representations and warranties of the Parties set forth in Section 2.02 (Authorization; Validity and Effect of Transaction Agreements), Section 2.04 (Ownership), Section 2.05 (No Brokers-Seller), Section 3.02 (Authorization; Validity and Effect of Transaction Agreements) and Section 3.04 (No Brokers-Buyer), (collectively, the "Identified Representations") (and the indemnification obligations of the Parties with respect thereto) shall survive indefinitely; and (c) the indemnity provisions in Section 6.02(a)(ii) shall survive indefinitely. Notwithstanding anything to the contrary in the preceding sentence, (i) any claim for indemnification which shall have been asserted pursuant to Section 6.04 or Section 7.05 prior to the expiration of the survival period applicable to such claim shall survive until the final resolution of such claim in accordance with the provisions of this Article VI; and (ii) in the event that (A) a Party provides written notice to the other Party that the first Party may seek indemnification under this Article VI or Article VII for a potential Loss and Expense prior to the expiration period applicable to the potential claim described in such notice, (B) such written notice describes in reasonable detail the specific factual basis for such potential Loss and Expense and (C) such first Party asserts an actual claim for indemnification pursuant to Section 6.04 or Section 7.05 within sixty (60) days of such notice, then the potential indemnification claim described in such notice shall survive until the final resolution of such claim in accordance with the provisions of this Article VI.

Section 6.02 Indemnification of Buyer.

(a) (i) From and after the Closing Date, but subject to the limitations set forth in this Article VI, Seller shall indemnify and hold harmless Buyer, TC PipeLines, LP and their respective officers, directors, employees, agents and representatives (the "Buyer Indemnified Parties") from and against any damage, loss, claim, obligation, liability, cost (including reasonable attorneys' fees and expenses), expense or deficiency (collectively, "Loss and Expense") suffered or incurred by any of the Buyer Indemnified Parties by reason of, arising out of, or resulting from any breach of any representation, warranty, covenant or agreement of Seller contained in this Agreement, the other Transaction Agreements or any certificate or document required to be delivered by Seller to Buyer pursuant to this Agreement or any other Transaction Agreement (other than breaches or representations, warranties and covenants in Section 2.12 or Article VII, the indemnification obligations for which are set forth in Article VII). (ii) From and after the Closing Date, Seller shall indemnify and hold harmless the Buyer Indemnified Parties from and against any Loss and Expense suffered by the Buyer Indemnified Parties by reason of, arising out of or resulting from any claim or liability relating to the Excluded Liabilities.

(b) Subject to the terms and conditions of this Agreement, any Loss and Expense suffered by the Buyer Indemnified Parties for which the Buyer Indemnified Parties are to be indemnified by Seller pursuant to this Article VI or Section 7.05 shall be paid by Seller to the Buyer Indemnified Parties in U.S. Dollars.

Section 6.03 Indemnification of Seller.

(a) From and after the Closing, but subject to the limitations set forth in this Article VI, Buyer shall indemnify and hold harmless Seller and its officers, directors, employees, agents and representatives (the "Seller Indemnified Parties") from and against any Loss and

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Expense suffered or incurred by reason of, arising out of or resulting from any breach of any representation, warranty, covenant or agreement of Buyer contained in this Agreement or any certificate or document required to be delivered by Buyer to Seller pursuant to this Agreement.

(b) Subject to the terms and conditions of this Agreement, any Loss and Expense suffered by the Seller Indemnified Parties for which the Seller Indemnified Parties are to be indemnified by Buyer pursuant to this Section 6.03 shall be paid by Buyer to the Seller Indemnified Parties in U.S. Dollars.

Section 6.04 Indemnification Procedures.

(a) Terms. As used herein, the term “Indemnified Party” shall mean the Buyer Indemnified Parties or Seller Indemnified Parties, as applicable, the term “Notifying Party” shall mean the Party entitled to indemnification hereunder, and the “Indemnifying Party” shall refer to the Party obligated to indemnify such Notifying Party’s Indemnified Parties.

(b) Claims. An Indemnified Party that seeks indemnification under this Article VI for a Loss and Expense that does not arise out of a Third Party Claim (such claim for indemnification being referred to herein as a “Claim”) shall promptly notify the Indemnifying Party of such Claim in writing. Such notice shall be a condition precedent to any liability of the Indemnifying Party for such Claim under this Article VI, and such notice shall describe the Claim in reasonable detail and shall indicate the amount (estimated if necessary) of the Loss and Expense that has been or may be sustained by the Indemnified Party.

(c) Third Party Claims. In the event that any of the Indemnified Parties is made or threatened to be made a defendant in or party to any action or proceeding, judicial or administrative, instituted by any third party, the liabilities for which, or the costs or expenses of which, are or would be a Loss and Expense for which the Indemnified Party is entitled to indemnification hereunder (any such third party action or proceeding being referred to herein as a “Third Party Claim”), the Notifying Party shall give the Indemnifying Party notice in writing, within ten (10) calendar days after learning of such Third Party Claim. The failure to timely give such notice shall not affect any Indemnified Party’s ability to seek reimbursement except to the extent such failure adversely affects the Indemnifying Party’s ability to defend successfully a Third Party Claim or such notice is given after the expiration of the applicable survival period set forth in Section 6.01. The Indemnifying Party shall be entitled to contest and defend such Third Party Claim; provided, that the Indemnifying Party diligently contests and defends such Third Party Claim. Notice of the intention to contest and defend shall be given by the Indemnifying Party to the Notifying Party within ten (10) Business Days after the Notifying Party’s notice of such Third Party Claim (but in all events as soon as possible prior to the date an answer or other defense to such Third Party Claim is due to be filed). Such contest and defense shall be conducted by competent counsel employed by the Indemnifying Party and reasonably acceptable to the Notifying Party. The Notifying Party shall be entitled at any time, at its own cost and expense (which expense shall not constitute a Loss and Expense) to participate in such contest and defense and to be represented by attorneys of its or their own choosing. If the Notifying Party elects to participate in such defense, the Notifying Party shall cooperate with the Indemnifying Party in the conduct of such defense. Neither the Notifying Party nor the Indemnifying Party may concede, settle or compromise any Third Party Claim without the

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consent of the other Party, which consent shall not be unreasonably withheld or delayed. Subject to the preceding sentence, in the event the Indemnifying Party fails to contest and defend a Third Party Claim, the Notifying Party shall be entitled to contest and defend such Third Party Claim in such manner and on such terms as the Notifying Party may deem appropriate, and the Indemnifying Party shall be liable for the Loss and Expense of the Notifying Party in accordance with the provisions of this Article VI.

Section 6.05 Limitations.

(a) Excluded Losses and Basket. Notwithstanding anything herein to the contrary, Seller shall have no obligation or liability to indemnify a Buyer Indemnified Party under this Article VI: (i) with respect to any claim or series of related claims, unless in the reasonable estimate of the Notifying Party, the amount of indemnifiable Loss and Expense in respect of such claims is greater than or equal to \$50,000.00 (a “Qualifying Claim”); and (ii) unless and until the aggregate indemnifiable Loss and Expense suffered by the Buyer Indemnified Parties arising out of Qualifying Claims exceeds one percent (1%) of the Purchase Price, in which event only the Losses and Expenses in excess of such amount shall be paid in accordance with the terms of this Article VI. The foregoing limitations shall not apply to any Loss and Expense resulting from or arising out of (A) a breach of an Identified Representation, (B) the Excluded Liabilities, or (C) Taxes which are covered by Article VII.

(b) Multiple Indemnification. Notwithstanding anything to the contrary herein, to the extent that an Indemnified Party has multiple rights of indemnification pursuant to this Article VI or Article VII, such Indemnified Party may only, consistent with the limitations set forth herein, recover such Loss and Expense one time.

(c) Maximum Indemnification Liability of Seller. Notwithstanding anything herein to the contrary, the maximum aggregate liability of Seller to the Buyer Indemnified Parties pursuant to Section 6.02 shall be an amount equal to fifteen percent (15%) of the Purchase Price; provided, however, that the foregoing limitation shall not apply to (i) any Loss and Expense resulting from or arising out of a breach of a Seller’s Identified Representation, in which case the maximum aggregate liability of Seller to the Buyer Indemnified Parties pursuant to Section 6.02 shall in no event exceed an amount equal to the Purchase Price or (ii) any Loss and Expense resulting from or arising out of or resulting from the Excluded Liabilities or Taxes which are covered by Article VII, in which case the maximum aggregate liability of Seller to the Buyer Indemnified Parties pursuant to Section 6.02 shall not be limited.

(d) Adjustment for Tax Benefit and Insurance Coverage. The Parties shall make all appropriate adjustments for tax benefits and insurance coverage in determining the amount of any Loss and Expense for purposes of this Article VI, the intent being that Losses and Expenses recoverable by an Indemnified Party from an Indemnifying Party shall be net of any tax benefits and insurance proceeds available to or recovered by the Indemnified Party, taking into account any tax costs (or reduction in tax benefits) resulting from the indemnity payments and insurance proceeds.

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Section 6.06 Exclusive Remedy.

Except for any remedies set forth in Article VIII of this Agreement, the indemnification rights provided to the Parties pursuant to this Article VI, as limited by and subject to the provisions of this Article VI, shall be the Parties’ sole and exclusive remedy with respect to this Agreement and the other Transaction Agreements, including with respect to any breach of any representation or warranty by, or covenant or obligation of, the other Party under this



Agreement and the other Transaction Agreements, other than with respect to: (i) Tax indemnification claims under Article VII; (ii) a breach of the covenant contained in Section 9.05; and (iii) any action or inaction by a Party that constitutes fraud.

Section 6.07 Exclusion.

Notwithstanding anything to the contrary in this Article VI, Seller shall not be obligated under this Article VI to indemnify any Buyer Indemnified Party for any Loss and Expense that directly arises out of or results directly from any event, occurrence or state of facts disclosed in the Schedules to this Agreement.

**ARTICLE VII  
TAX MATTERS**

Section 7.01 Tax Returns.

(a) Seller to File. Seller shall have the exclusive authority and obligation to prepare and file, or cause to be prepared and filed, all Tax Returns of GTN LLC for all tax periods. (All references to GTN LLC in this Article VII shall be deemed to refer not only to GTN LLC but also to Gas Transmission Northwest Corporation (except in the case of Section 7.06(v)) and Gas Transmission Northwest CA, LLC.

(i) Tax Periods Ending on or Before the Closing Date. Seller shall pay or cause to be paid the Taxes of GTN LLC with respect to all periods ending on or prior to the Closing Date; and

(ii) Tax Periods Beginning Before and Ending After the Closing Date. Taxes of GTN LLC with respect to any Tax period which begins before the Closing Date and ends after the Closing Date (an "Overlap Period") shall be allocated such that: (i) in the case of Income Taxes, Seller shall be liable for an amount equal to the amount that would be payable if the taxable year ended on the Closing Date; and (ii) in the case of Taxes other than Income Taxes, Seller shall be liable for an amount equal to the amount of such Taxes multiplied by a fraction the numerator of which is the number of calendar days in the period ending on the Effective Date and the denominator of which is the number of calendar days in the Overlap Period.

(iii) Any Taxes of GTN LLC for which the Seller is not liable pursuant to this Section 7.01(a) shall be borne by GTN LLC.

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(b) Any Tax Return to be prepared pursuant to the provisions of this Section 7.01 shall be prepared in a manner consistent with practices followed in prior years with respect to similar Tax Returns, except for changes required by changes in Applicable Law or fact. Seller shall not file an amended Tax Return for GTN LLC for any period ending on or prior to the Closing Date, without the consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 7.02 Transfer Taxes.

The Parties acknowledge and agree that neither Party has identified any Transfer Taxes that would result from the transactions contemplated by this Agreement. However, if any Transfer Taxes are owed by either Party on account of the transactions contemplated by this Agreement, they shall be borne equally by Buyer and Seller.

Section 7.03 Tax Sharing Agreements.

Seller shall terminate or cause to be terminated any and all of the tax sharing, allocation, indemnification or similar agreements, arrangements or undertakings in effect, written or unwritten, on or before the Closing Date as between GTN LLC, on the one hand, and Seller or any other Affiliate thereof, on the other hand, for all Taxes imposed by any government or taxing authority, regardless of the period in which such Taxes are imposed, and there shall be no continuing obligation of GTN LLC from and after the Closing Date to make any payments under any such agreements, arrangements or undertakings.

Section 7.04 Controversies.

(a) Seller, or the Seller's Representative, at its sole expense, shall have the authority to represent the interests of GTN LLC with respect to any inquiries, claims, assessments, audits or similar events (each, a "Tax Matter") relating to any period ending on or prior to the Closing Date before the U.S. Internal Revenue Service, any other taxing authority, any other governmental agency or authority or any court and shall have the sole right to control the defense, compromise or other resolution of any Tax Matter, including responding to inquiries, filing Tax Returns and contesting, defending against and resolving any assessment for additional Taxes or notice of Tax deficiency or other adjustment of Taxes of, or relating to, such Tax Matter; provided, however, that neither Seller nor any of its Affiliates shall enter into any settlement of or otherwise compromise any Tax Matter that adversely affects or may adversely affect the Tax liability of Buyer (or its direct or indirect partners), GTN LLC or any Affiliate of the foregoing for any period ending after the Closing Date, including the portion of the Overlap Period that is after the Closing Date, without the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed. Seller or the Seller's representative shall keep Buyer fully and timely informed with respect to the commencement, status and nature of any Tax Matter and shall provide Buyer with a copy of all correspondence, notices and filings received or sent by Seller in connection with such proceedings. Seller shall, in good faith, allow Buyer, at its sole expense, to make comments to Seller or Seller's representative, regarding the conduct of or positions taken in any such proceeding and to participate in such proceeding.

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(b) Except as otherwise provided in Section 7.04(a), from and after the Closing, Tax Matters will be handled in accordance with the GTN A&R LLC Agreement.

Section 7.05 Tax Indemnity.

Notwithstanding any other provisions of this Agreement, this Article VII shall apply to indemnifications by Seller to Buyer for, and shall be the sole remedy of Buyer in respect of, the losses described in the following sentence and such indemnifications shall not be subject to any limitations described in Section 6.05 hereof. Notwithstanding any provision to the contrary contained in this Agreement, Seller agrees to indemnify, defend and hold harmless Buyer, its Affiliates (including GTN LLC after Closing) and their respective shareholders, partners, officers, directors, employees and agents against: (i) all Taxes attributable to, or resulting from the breach of any representation or warranty made pursuant to Section 2.12 of this Agreement as of the Closing Date; (ii) all Income Taxes imposed on or asserted against the properties, income or operations of GTN LLC or for which GTN LLC may otherwise be liable, for all periods or portions thereof prior to the Closing Date; (iii) all Taxes, other than Income Taxes imposed on or asserted against properties, income or operations of GTN LLC or for which GTN LLC may otherwise be liable, for all periods or portions thereof prior to the Effective Date; (iv) all Taxes, except for Transfer Taxes which are the responsibility of Buyer and Seller pursuant to Section 7.02, imposed on GTN LLC or for which GTN LLC may be liable, as a result of any transaction contemplated by this Agreement; (v) all Taxes imposed on GTN LLC as a result of the provisions of Treasury Regulations Section 1.1502-6 or the analogous provisions of any state, local or foreign law; and (vi) all Income Taxes for which GTN LLC is liable as a result of any election for GTN LLC to be treated as other than a disregarded entity for U.S. federal, state or local income tax purposes that is filed at any time on or prior to the Closing Date (other than any election by or at the behest of Buyer).

Section 7.06 Tax Refunds.

Refunds of Taxes paid or payable with respect to Taxes attributable to GTN LLC shall be paid to Seller within ten (10) Business Days if attributable to Taxes with respect to any Tax year ending on or before the Closing Date or for any Tax year beginning before and ending after the Closing Date to the extent allocable to Seller (determined in a manner consistent with Section 7.01). All other Tax refunds attributable to GTN LLC shall be the property of GTN LLC.

**ARTICLE VIII  
TERMINATION**

Section 8.01 Termination.

This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of Buyer and Seller;

(b) by either Buyer or Seller by written notice to the other Party if the Closing shall not have occurred before July 31, 2011; provided, that the right to terminate this Agreement pursuant to this Section 8.01(b) shall not be available to a Party whose failure to fulfill any

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obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur prior to such date; or

(c) by either Buyer or Seller by written notice to the other Party if there shall have been a material breach or default of any of the representations, warranties, covenants or agreements of such other Party hereunder that reasonably cannot be or has not been cured within thirty (30) calendar days after delivery of written notification thereof by the terminating Party and which material breach or default would result in a failure to satisfy the conditions to Closing set forth in Section 5.02 or Section 5.03, as the case may be.

Section 8.02 Effect of Termination.

If this Agreement is terminated in accordance with this Article VIII, all further obligations of the Parties hereunder shall terminate. In the event of a termination contemplated hereby by any Party pursuant to this Article VIII, the transactions contemplated hereby shall be abandoned without further action by any Party hereto, and there shall be no obligation of or liability under this Agreement to any Party hereto, or their respective shareholders, directors, officers, employees, representatives or agents, except that this Section 8.02 and Article IX shall survive termination of this Agreement.

**ARTICLE IX  
MISCELLANEOUS**

Section 9.01 Modification.

This Agreement may be amended or modified only by a written instrument executed by Buyer and Seller.

Section 9.02 Notices.

All notices which are required or may be given pursuant to the terms of this Agreement shall be in writing and shall be deemed given: (i) the next Business Day after being sent by Federal Express or any other recognized overnight courier service providing delivery confirmation; (ii) three (3) Business Days after mailing by certified or registered mail, with postage prepaid and with return receipt requested; or (iii) when a confirmation is received after being sent by legible facsimile transmission, addressed as follows:

If to Sellers to: TransCanada American Investments Ltd.  
717 Texas Street  
Suite 2400  
Houston, Texas  
77002-2761  
Attention: Corporate Secretary  
Fax: (832) 320-5201

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with a copy (which shall not constitute notice) to:

TransCanada PipeLines Limited  
450 — 1st Street S.W.  
Calgary, Alberta  
Canada  
T2P 5H1  
Attention: General Counsel  
Fax: (403) 920-2411

If to Buyer to:

TC PipeLines Intermediate Limited Partnership  
c/o TC PipeLines GP, Inc.  
450 — 1<sup>st</sup> Street, S.W.  
Calgary, Alberta  
Canada  
T2P 5H1  
Attention: Secretary  
Fax: (403) 920-2460

with a copy (which shall not constitute notice) to:

Alan Talkington, Esq.  
Orrick, Herrington & Sutcliffe LLP  
405 Howard Street  
San Francisco, CA 94105

or to such other address or addresses as any Party shall have designated by notice in writing to the other Party in accordance with this [Section 9.02](#).

Section 9.03 [Entire Agreement](#).

The Transaction Agreements and all the other documents executed and delivered by Buyer and Seller pursuant hereto (or as contemplated hereby), contain the entire understanding of the Parties with respect to the subject matter of this Agreement, and there are no representations, warranties, covenants or agreements other than those expressly set forth herein or therein. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the subject matter of this Agreement.

Section 9.04 [Successors and Assigns](#).

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

Section 9.05 [Press Releases](#).

The initial press release or releases to be issued in connection with the execution of this Agreement shall be mutually agreed upon by the Parties prior to the issuance thereof. Prior to the fifth (5<sup>th</sup>) Business Day prior to the Closing, Buyer and Seller shall consult with each other

before they or any of their Affiliates issue any other press release or otherwise make any other public statement with respect to this Agreement or the transactions contemplated hereby. Following any termination of this Agreement, Buyer and Seller shall consult with each other before they or any of their Affiliates issue any other press release or otherwise make any other public statement with respect to such termination. Buyer and Seller and their Affiliates shall not issue any other press release or make any such other public statement prior to any consultation (but no approval thereof shall be required), except as maybe required by Applicable Law or stock exchange rule.

Section 9.06 [Assignment](#).

This Agreement, and any right or obligation hereunder may be assigned or delegated (in whole or in part) only in accordance with this [Section 9.06](#). Upon the prior, written consent of the other Party hereto, a Party may assign this Agreement or a right hereunder, or delegate an obligation hereunder, to another Person.

Section 9.07 [Severability](#).

The terms of this Agreement are fully severable, and the decision or judgment of any court of competent jurisdiction rendering void or unenforceable any one or more of such terms shall not render void or unenforceable any of the other terms hereof.

Section 9.08 [Captions; Article and Section References](#).

The caption at the heading of each Article and Section of this Agreement is for convenience of reference only and is not to be deemed a part of the Agreement itself and will not affect the meaning or interpretation of this Agreement. Article and section references are to the articles and sections of this Agreement unless otherwise indicated.

Section 9.09 [Choice of Law](#).

This Agreement shall be construed and enforced in accordance with the laws of the State of New York, without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than

Section 9.10 Counterparts.

This Agreement may be executed and delivered in one or more counterparts, including facsimile counterparts with originals to follow, each of which shall be deemed to be part of one and the same original document.

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Section 9.11 Waiver.

Any of the terms and conditions of this Agreement may be waived in writing at any time on or prior to the Closing Date by the Party entitled to the benefits thereof. No waiver by any Party of any breach of this Agreement shall be deemed a waiver of any subsequent breach of the same or any other provision.

Section 9.12 Construction.

The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. For the purposes hereof: (i) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires; (ii) the terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the appendices and exhibits hereto) and not to any particular provision of this Agreement, and Article, Section, paragraph, appendix and exhibit references are to the Articles, Sections, paragraphs, appendices and exhibits to this Agreement unless otherwise specified; (iii) the word "including" and words of similar import when used in this Agreement shall mean "including without limitation" unless the context otherwise requires or unless otherwise specified; (iv) the phrase "ordinary course of business" or "normal course" or any similar phrase shall mean "ordinary course of business consistent with past practice" unless the context requires otherwise or unless otherwise specified; (v) all references to any period of days shall be deemed to be to the relevant number of calendar days unless otherwise specified; and (vi) all monies are deemed to be in U.S. dollars unless otherwise stated.

Section 9.13 Incorporation of Exhibits, Schedules and Appendices.

Any Exhibits, Schedules, and Appendices identified in this Agreement are incorporated herein by reference and made a part hereof.

Section 9.14 No Third-Party Beneficiaries.

This Agreement shall not confer any rights or remedies upon any Person other than the Parties, the Buyer Indemnified Parties, the Seller Indemnified Parties and their respective successors and permitted assigns.

Section 9.15 No Consequential or Punitive Damages.

No Party shall be liable to any other Party or Person for any consequential, exemplary, special or punitive damages in connection with this Agreement or the other Transaction Agreements.

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Section 9.16 Time of Essence.

Time is of the essence under this Agreement.

Section 9.17 Defined Terms.

For purposes of this Agreement, the terms set forth in Appendix A hereto shall have the meanings set forth therein.

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IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by duly authorized officers of the Parties as of the day and year first above written.

**TRANSCANADA AMERICAN INVESTMENTS LTD.**

By: /s/ Thomas P. Janish  
Name: Thomas P. Janish  
Title: Vice President

By: /s/ Jon A. Dobson

Name: Jon A. Dobson  
Title: Corporate Secretary

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**TC PIPELINES INTERMEDIATE LIMITED PARTNERSHIP**

by TC PipeLines GP, Inc., its General Partner

By: /s/ Steve Becker  
Name: Steve Becker  
Title: President, TC PipeLines GP, Inc.

By: /s/ Donald J. DeGrandis  
Name: Donald J. DeGrandis  
Title: Secretary

[Signature Page to Purchase Agreement]

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**EXECUTION COPY**

**APPENDIX A**

**DEFINITIONS**

As used in this Agreement, the following terms shall have the following meanings:

“Acquisition Date” means November 1, 2004.

“Affiliate” means, with respect to any Person, any other Person that, directly or indirectly controls (including all directors and officers of such Person), is controlled by, or through one or more intermediaries, under direct or indirect common control with, such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise. Notwithstanding the foregoing, Buyer and Seller shall not be considered Affiliates of one another for the purposes of this Agreement.

“Agreement” has the meaning set forth in the preamble.

“Applicable Law” means, with respect to any Person, any statute, law, regulation, ordinance, rule, judgment, rule of common law, order or decree, directive, guideline, policy, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, whether in effect as of the date hereof or thereafter, and in each case as amended, applicable to such Person or its subsidiaries or their respective assets.

“Asset Acquisition Statement” has the meaning set forth in Section 1.04.

“Assignment and Assumption Agreement” means the agreement attached as Exhibit B hereto.

“Base Purchase Price” means \$405,000,000 less \$81,250,000.

“Bison PSA” means the purchase and sale agreement, dated as of the date hereof, between TC Continental Pipeline Holdings Inc. and Buyer.

“Business” means GTN LLC’s business of constructing, owning and operating the GTN Pipeline and transporting natural gas on its system pursuant to transportation contracts with shippers.

“Business Day” means any day on which banks are generally open to conduct business in New York, New York and Calgary, Alberta.

“Buyer” has the meaning set forth in the preamble.

“Buyer Indemnified Parties” has the meaning set forth in Section 6.02(a).

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“Claim” has the meaning set forth in Section 6.04(b).

“Closing” has the meaning set forth in Section 1.05.

“Closing Date” has the meaning set forth in Section 1.05.

“Closing Payment” means the Estimated Purchase Price increased by the Interest Amount.

“Closing Statement” has the meaning set forth in Section 1.06(a).

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Contract” means any note, bond, indenture, mortgage, deed of trust, lease, franchise, permit, authorization, license, contract, instrument, employee benefit plan or practice, or other agreement, obligation or commitment or concession of any nature.

“Conversion” means the conversion of Gas Transmission Northwest Corporation from a California corporation, to Gas Transmission Northwest CA, LLC, a California limited liability company on April 1, 2011 and the conversion of Gas Transmission Northwest CA, LLC to GTN LLC, a Delaware limited liability company on April 4, 2011.

“Current Assets” means the aggregate of (i) cash, (ii) accounts receivable (iii) accounts receivable and advances receivable from affiliated companies, including advances receivable from TransCanada PipeLine USA Ltd. under its cash management agreement (iv) plant material and operating supplies and (v) prepayments.

“Current Liabilities” means the aggregate of (i) accounts payable, (ii) payables and advances to affiliated companies, including advances payable to TransCanada PipeLine USA Ltd. under its cash management agreement (iii) accrued taxes other than Income Taxes and (iv) other current and accrued liabilities. For the avoidance of doubt, Current Liabilities shall not include accrued Income Taxes.

“Dispute” means any dispute, controversy or claim arising out or relating to this Agreement or the breach, termination or validity thereof.

“Effective Date” means 12:01 am on May 1, 2011.

“Environmental Laws” means any foreign, federal, state or local law, statute, ordinance, order, decree, rule or regulation relating to releases, discharges, emissions or disposals to air, water, land or groundwater of Hazardous Materials; to the use, handling, transport, release or disposal of polychlorinated biphenyls, asbestos or urea formaldehyde or any other Hazardous Material; to the treatment, storage, disposal or management of Hazardous Materials; to exposure to toxic, hazardous or other controlled, prohibited or regulated substances; to health or safety in the workplace; and to the protection of the public’s health and safety and the environment, including the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq., the Toxic Substances Control Act, 15 U.S.C. 2601, et seq., the Occupational, Safety and Health Act,

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29 U.S.C. 651, et seq., the Clean Air Act, 42 U.S.C. 7401, et seq., the Federal Water Pollution Control Act, 33 U.S.C. 1251, et seq., the Safe Drinking Water Act, 42 U.S.C. 300f, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. 1802 et seq. and the Emergency Planning and Community Right to Know Act, 42 U.S.C. 11001 et seq., and other comparable foreign, state and local laws and all rules, regulations and guidance documents promulgated pursuant thereto or published hereunder.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time and the regulations promulgated and rulings issued hereunder.

“Estimated Purchase Price” means the Base Purchase Price, adjusted as follows: (x) if the Estimated Working Capital is in excess of the Reference Amount, the Base Purchase Price shall be increased by twenty-five percent (25%) of the amount of such excess in order to determine the Estimated Purchase Price and (y) if the Estimated Working Capital is less than the Reference Amount, the Base Purchase Price shall be decreased by twenty-five percent (25%) of the amount of the deficiency.

“Estimated Working Capital” means Seller’s good faith estimate of the Working Capital as of the Effective Date.

“Excluded Liabilities” means Cause No. 0912-17987, Pacificorp and Hermiston Generating Company, L.P. v. Northwest Pipelines GP and Gas Transmission Northwest Corporation, in the Circuit Court for the County of Multnomah.

“Financial Statements” has the meaning set forth in Section 2.10.

“GAAP” means U.S. generally accepted accounting principles. All references to GAAP shall mean GAAP as in effect on the date hereof, unless otherwise specified.

“Governmental Authority” means any federal, state, county, municipal, regional or other governmental authority, agency, board, body, instrumentality, commission or political subdivision of any of the foregoing, or any court or arbitrator.

“GTN A&R LLC Agreement” has the meaning set forth in Section 1.07(c).

“GTN LLC” has the meaning set forth in the recitals.

“GTN LLC Agreement” has the meaning set forth in the recitals.

“GTN LLC Budget” means the budget of GTN LLC attached hereto as Exhibit C.

“GTN Interest” has the meaning set forth in the recitals.

“GTN Pipeline” means, collectively with all associated laterals and meter stations, a natural gas pipeline system consisting of the GTN pipeline, plus any expansions or improvements undertaken, in whole or in part, by GTN LLC.

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“Hazardous Material” means any substance, waste, pollutant, contaminant or material subject to regulation under any Environmental Law.

“Identified Representation” has the meaning set forth in Section 6.01.

“Income Tax” means federal, state, local, or foreign income or franchise Taxes or other similar Taxes measured in whole or in part by income and any interest and penalties or additions thereon.

“Indemnified Party” has the meaning set forth in Section 6.04(a).

“Indemnifying Party” has the meaning set forth in Section 6.04(a).

“Independent Accounting Firm” means an independent nationally recognized accounting firm as mutually selected by Seller and Buyer.

“Interest Amount” means interest (calculated based on the actual number of days elapsed, assuming a 360-day year) on the Estimated Purchase Price at the Prime Rate in effect on the date the Closing Payment is provided from (and including) the Effective Date to (and excluding) the Closing Date.

“Knowledge” means the actual knowledge of Lee Hobbs — President and Director; Dean Ferguson — Vice-President and Director; and Eva Neufeld — Assistant Secretary and Chief Compliance Officer and Director.

“Lien” means any lien, pledge, charge, claim, security interest, purchase agreement, option, restriction on transfer or other recorded encumbrance of any nature whatsoever, whether consensual, statutory or otherwise.

“Loss and Expense” has the meaning set forth in Section 6.02.

“Material” means material in relation to the business or operations of GTN LLC, taken as a whole.

“Material Adverse Effect” means any circumstance, change or effect that is materially adverse to the financial condition or results of operations of GTN LLC, taken as a whole, or that impedes or delays the ability of Seller to perform its obligations under this Agreement or to consummate the transactions contemplated hereby, other than (i) any adverse circumstance, change, or effect arising from or relating to general business or economic conditions in the industries or markets in which GTN LLC operates not having a materially disproportionate affect on GTN LLC as compared to other participants in such industry or market, including (A) changes in national or regional gathering, pipeline or storage facilities or (B) rules, regulations or decisions of FERC or the courts affecting the natural gas transportation industry as a whole or the natural gas storage industry as a whole, (ii) any adverse circumstance, change or effect arising from weather conditions, including unexpected or harsh weather conditions, (iii) seasonal reductions in revenues or earnings of GTN LLC in the ordinary course of business consistent with past periods, (iv) national or international political, diplomatic or military conditions (including any engagement in hostilities, whether or not pursuant to a declaration of war, or the

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occurrence of any military or terrorist attack) not disproportionately affecting GTN LLC as compared to other participants in the industries or markets in which GTN LLC operates, (v) changes in GAAP, (vi) changes in Applicable Laws not disproportionately affecting GTN LLC as compared to other participants in the industries or markets in which GTN LLC operates, (vii) the failure of Seller to take any action for which Seller in good faith requests Buyer’s written consent under Section 4.03 and Buyer refuses to provide such consent, (viii) any changes in prices for commodities, goods, or services, or the availability or costs of hedges or other derivatives, including fluctuations in interest rates, (ix) any matter that is expressly disclosed in the Schedules as of the date of execution of this Agreement, and (x) the execution and delivery or announcement of this Agreement. The Parties agree that any determination as to whether a change, effect, event, or occurrence is a Material Adverse Effect shall be made after taking into account and considering all matters relevant to such analysis, including (y) all amounts, if any, recognized by the Person and its Affiliates, as applicable, under insurance or third-party indemnifications or similar agreements, and (z) all Tax Benefits with respect to such change, effect, event, or occurrence.

“Material Agreements” has the meaning set forth in Section 2.18.

“Notifying Party” has the meaning set forth in Section 6.04(a).

“Overlap Period” has the meaning set forth in Section 7.01(a)(ii).

“Party” has the meaning set forth in the preamble.

“Permit” means any permit, license, approval or other authorization required or granted by any Governmental Authority.

“Permitted Encumbrances” means (i) defects, imperfections or irregularities in title (including easements, rights-of-way, covenants, conditions, restrictions, and other matters affecting title to real property) that are not material in character, amount, extent with respect to the asset or assets to which they relate or, together with any other such defects, imperfections or irregularities, in the aggregate; (ii) encumbrances created by or referenced in any of the Material Agreements; (iii) encumbrances, created by Buyer, or their successors and assigns, (iv) Liens for Taxes not yet due and payable, and (v) statutory Liens (including materialmen’s, mechanic’s, repairmen’s, landlord’s and other similar Liens) arising in connection with the ordinary course of business securing payments not yet due and payable.

“Person” means a person, corporation, partnership, limited liability company, joint venture, trust or other entity or organization.

“Prime Rate” means the prime interest rate reported in The Wall Street Journal.

“Purchase Price” has the meaning set out in Section 1.02.

“Qualifying Claim” has the meaning set forth in Section 6.05(a).

“Reference Amount” means \$15,786,000.

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“Reputable Insurer” means any financially sound and responsible insurance provider rated “A-X” or better by A.M. Best Company (or if such ratings cease to be published generally for the insurance industry, meeting comparable financial standards then applicable to the insurance industry).

“Request” has the meaning set forth in Section 4.04.

“Securities Act” means the federal Securities Act of 1933, as amended.

“Seller” has the meaning set forth in preamble.

“Seller Indemnified Parties” has the meaning set forth in Section 6.03(a).

“Tax” or “Taxes” means all income, gross receipts, profits, franchise, sales, use, ad valorem, occupation, property (including in lieu-of-taxes), capital, environmental, employment, severance, excise, workers’ compensation, social security, withholding or similar taxes or other governmental fees or charges of a similar nature, however denominated, imposed by any federal, state, local, foreign or other political subdivision taxing authority, whether imposed directly on a person or resulting under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise, and including any interest and penalties (civil or criminal) on or additions to any such taxes or in respect of a failure to comply with any requirement relating to any Tax Return and any expenses incurred in connection with the determination, settlement or litigation of any tax liability.

“Tax Dispute Notice” has the meaning set forth in Section 1.04.

“Tax Matter” has the meaning set forth in Section 7.04(a).

“Tax Return” means any return, report, statement, information or other document including any amendment thereto filed or to be filed or required to be filed or supplied to any federal, state, local or foreign Tax authority or any other government entity with respect to Taxes, including, where permitted or required, combined, consolidated, unitary or any similar returns for any group of entities.

“Third Party Claim” has the meaning set forth in Section 6.04(c).

“Transaction Agreements” means this Agreement and the Assignment and Assumption Agreement and any documents or certificates to be provided pursuant thereto.

“Transfer Taxes” means any and all transfer Taxes, including sales taxes, use, excise, stock, stamp, documentary, filing, recording, permit, license, authorization, and similar Taxes fees, duties, levies, customs, tariffs, imposts, assessments, obligations and charges.

“Violation” has the meaning set forth in Section 2.03(a).

“Working Capital” means (i) Current Assets, minus (ii) Current Liabilities. For the avoidance of doubt, Working Capital may be a negative number.

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“Working Capital Adjustment Statement” means the statement provided pursuant to Section 1.03(a).

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EXECUTION COPY

## AGREEMENT FOR PURCHASE AND SALE OF

OF

## MEMBERSHIP INTEREST

by and between

TC CONTINENTAL PIPELINE HOLDINGS INC.,

as SELLER

and

TC PIPELINES INTERMEDIATE LIMITED PARTNERSHIP, as BUYER

April 26, 2011

EXECUTION COPY

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**OF  
MEMBERSHIP INTERESTS**

THIS AGREEMENT FOR PURCHASE AND SALE OF MEMBERSHIP INTEREST (this "Agreement"), is executed as of this 26th day of April, 2011, by and among TC CONTINENTAL PIPELINE HOLDINGS INC., a Delaware corporation ("Seller") and TC PIPELINES INTERMEDIATE LIMITED PARTNERSHIP, a Delaware limited partnership ("Buyer"). Seller and Buyer are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

**W I T N E S S E T H:**

WHEREAS, Seller owns a 100% membership interest in Bison Pipeline LLC, a Delaware limited liability company ("Bison LLC"), and is a party to the Limited Liability Company Agreement, dated as of August 28, 2008 (the "Bison LLC Agreement"); and

WHEREAS, Buyer desires to purchase and acquire, and Seller desires to sell and assign, 25% of its membership interest in Bison LLC (the "Bison Interest") pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

**ARTICLE I  
SALE AND PURCHASE**

Section 1.01. Agreement to Sell and to Purchase Bison Interest.

At the Closing, and on the terms and subject to the conditions set forth in this Agreement, Seller shall sell, assign and deliver to Buyer, and Buyer shall purchase and accept from Seller, the Bison Interest.

Section 1.02. Purchase Price.

The purchase price to be paid by Buyer to Seller for the Bison Interest (the "Purchase Price") shall equal the Closing Payment, which shall be adjusted in accordance with Section 1.03.

Section 1.03. Purchase Price Adjustment.

(a) (i) Within ninety (90) days after the Closing, Seller shall prepare and deliver to Buyer a written statement (the "Working Capital Adjustment Statement"), together with supporting work papers with respect to the calculation of the amounts set forth therein, which reflects the Working Capital as of the Effective Date for Bison LLC. (ii) If and when Actual Construction Expenditures exceed Forecasted Construction Expenditures, Seller shall prepare and deliver to Buyer a written statement (the "Interim Construction Expenditures

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Adjustment Statement") in the quarter following such event and shall continue to prepare Interim Construction Expenditures Adjustment Statements in every subsequent quarter until construction of the Bison Pipeline has been completed. Upon the Construction Completion Date, when the Actual Construction Expenditures are known, Seller shall prepare and deliver to Buyer a written statement (the "Final Construction Expenditures Adjustment Statement"), together with supporting documentation with respect to the calculation of the amounts set forth therein. Seller agrees to cooperate with Buyer in connection with the preparation of the Working Capital Adjustment Statement, the Interim Construction Expenditures Adjustment Statements (if any), the Final Construction Expenditures Adjustment Statement and related information, and shall provide to Buyer and Buyer's representatives such books, records, information, and access to such of Bison LLC's or its Affiliates' employees and properties during normal business hours, as may be reasonably requested from time to time by Buyer or its representatives.

(b) Buyer may dispute the Working Capital Adjustment Statement, the Interim and Final Construction Expenditures Adjustment Statement and the items reflected therein; provided, however, that Buyer shall notify Seller in writing of any disputed amounts, and provide a reasonably detailed description of the basis of such dispute, within ninety (90) days after Buyer's receipt of the Working Capital Adjustment Statement or the Construction Expenditures Adjustment Statement, as applicable. In the event of such a dispute, Buyer and Seller shall attempt to reconcile their differences and any resolution by them as to any disputed amounts shall be final, binding and conclusive on the Parties. If Buyer and Seller are unable to reach a resolution of any such differences within ninety (90) days after Seller's receipt of Buyer's written notice of dispute, Buyer and Seller shall submit the amounts remaining in dispute for determination and resolution to the Independent Accounting Firm, which shall be instructed to determine and report to the Parties, within ninety (90) days after such submission, a resolution of such remaining disputed amounts, and such resolution shall be final, binding and conclusive on the Parties hereto with respect to the remaining amounts disputed. The fees and disbursements of the Independent Accounting Firm shall be shared equally by Buyer, on the one hand, and Seller, on the other hand. For the avoidance of doubt, the Working Capital Adjustment Statement, the Interim and Final Construction Expenditures Adjustment Statement and the amounts reflected thereon shall be deemed to be modified to the extent of any changes thereto that become final, binding and conclusive on the Parties based on mutual agreement or a determination of the Independent Accounting Firm in accordance with this Section 1.03(b).

(c) Within five (5) Business Days after the earliest to occur of (i) a mutual written agreement of Buyer and Seller with respect to the Working Capital Adjustment Statement or the Interim or Final Construction Expenditures Adjustment Statement, as applicable, (ii) the termination of the ninety (90) day period described in Section 1.03(b) if Buyer does not provide a notice of dispute within such period as provided therein and (iii) the final determination of all such disputed amounts in accordance with Section 1.03(b), (A) if Working Capital as of the Effective Date exceeds the Estimated Working Capital, Buyer shall pay Seller twenty-five percent (25%) of the amount of such excess, (B) if Working Capital as of the Effective Date is less than the Estimated Working Capital, Seller shall pay to Buyer twenty-five percent (25%) of the amount of such deficiency, (C) if, according to the Final Construction Expenditures Adjustment Statement the Actual Construction Expenditures were less than the Forecasted Construction Expenditures, Buyer shall pay to Seller twenty-five percent (25%) of the amount of such deficiency, and (D) if, according to any Interim Construction Expenditures

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Adjustment Statement or the Final Construction Expenditures Adjustment Statement, the Actual Construction Expenditures were more than the Forecasted Construction Expenditures, Seller shall pay to Buyer twenty-five percent (25%) of the amount of such excess less the aggregate of all amounts paid under prior Interim Construction Expenditures Adjustment Statements. All payments made pursuant to the previous sentence shall be paid together with interest thereon for the period commencing on the Effective Date through the date of payment, calculated at the Prime Rate in effect on the Effective Date, in cash by wire transfer of immediately available funds.

Section 1.04. Purchase Price Allocation for Tax Purposes.

Within two hundred and forty (240) days after the Closing Date, Buyer will provide to Seller a copy of Internal Revenue Service Form 8594 and any required exhibits thereto (the "Asset Acquisition Statement") with Buyer's proposed allocation of the Purchase Price and the liabilities of Bison LLC included in Buyer's tax basis for the Bison Interest (and all other applicable amounts), among the assets of Bison LLC. If Seller disputes Buyer's proposed allocation of the Purchase Price, Seller will give Buyer written notice of such dispute ("Tax Dispute Notice") within thirty (30) days after receipt of the Asset Acquisition Statement setting forth the matters in dispute and the specific grounds of each dispute. If Buyer does not receive a Tax Dispute Notice from Seller within such thirty (30) day period, Seller will be deemed to have agreed to, and accepted, such Asset Acquisition Statement. Buyer and Seller will endeavor in good faith to resolve any disputes with respect to the Asset Acquisition Statement within fifteen (15) days after Buyer's receipt of a Tax Dispute Notice from Seller and if the Parties cannot resolve any such disputes within such fifteen (15) day period, Buyer shall engage a nationally recognized independent accounting, law or appraisal firm chosen jointly by Buyer and Seller for resolution. Both Buyer and Seller agree to accept such firm's determination of the Asset Acquisition Statement and agree to file Form 8594 with the Internal Revenue Service in accordance with such allocation. Any fees, costs and expenses for such engagement will be borne equally by Buyer and Seller.

Section 1.05. Time and Place of the Closing.

Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Orrick, Herrington & Sutcliffe LLP, 405 Howard Street, San Francisco, CA 94105 at 10:00 a.m., local time, on the fifth (5<sup>th</sup>) Business Day following the date on which all of the conditions to each Party's obligations hereunder have been satisfied or waived (other than conditions to be satisfied at the Closing), or at such other place or time as the Parties may agree. The date and time at which the Closing actually occurs is hereinafter referred to as the "Closing Date." Other than with respect to those matters that are effective or applicable as of the Effective Date as expressly provided herein, the Closing shall be effective for all purposes as of 12:01 a.m. Eastern time on the Closing Date.

Section 1.06. Closing Statement; Closing Payment.

(a) On the third (3<sup>rd</sup>) Business Day prior to Closing, Seller shall deliver to Buyer a statement (the "Closing Statement") setting forth (i) the Estimated Working Capital, (ii)

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the Forecasted Construction Expenditures and (iii) the Interest Amount. The Closing Statement shall be prepared by Seller in good faith and be accompanied by reasonably detailed supporting documentation.

(b) At the Closing, Buyer shall pay or cause to be paid to Seller, in cash, an amount equal to the Closing Payment by wire transfer of immediately available funds to the account or accounts designated by Seller prior to the Closing.

Section 1.07. Deliveries by Seller.

At the Closing, Seller shall deliver or cause to be delivered to Buyer the following:

- (a) the Assignment and Assumption Agreement, duly executed by Seller;
- (b) an executed certificate of non-foreign status satisfying the requirements of Treasury Regulation Section 1.445-2(b) (2) (substantially in the form attached hereto as Exhibit A);
- (c) the amended and restated limited liability company agreement of Bison LLC in the form attached hereto as Exhibit D (the "Bison A&R LLC Agreement"), duly executed by Seller; and
- (d) such other agreements, documents, instruments and writings as are expressly required to be delivered by Seller at or prior to the Closing Date pursuant to this Agreement.

Section 1.08. Deliveries by Buyer.

At the Closing, Buyer shall deliver or cause to be delivered to Seller the following:

- (a) the Closing Payment by wire transfer of immediately available funds;
- (b) the Assignment and Assumption Agreements, duly executed by Buyer;
- (c) the Bison A&R LLC Agreement, duly executed by Buyer; and
- (d) such other agreements, documents, instruments and writings as are expressly required to be delivered by Buyer at or prior to the Closing Date pursuant to this Agreement.

**ARTICLE II  
REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller represents and warrants to Buyer that the statements contained in this Article II are correct and complete as of the date hereof as follows, except as set forth in the Schedules:

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Section 2.01. Organization and Qualification.

Seller (a) is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, (b) has all requisite corporate power and authority to own and operate its business as presently conducted, and (c) is duly qualified as a foreign corporation and is in good standing in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary, except for such failures to be so qualified as would not reasonably be expected to have a Material Adverse Effect.

Section 2.02. Authorization; Validity and Effect of Transaction Agreements.

Seller has the requisite power and authority to execute, deliver and perform its obligations under this Agreement and the other Transaction Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Transaction Agreements by Seller and the performance of its obligations hereunder and thereunder and the consummation of all of the transactions contemplated hereby and thereby have been (or, with respect to those Transaction Agreements to be delivered at the Closing, will, at or prior to the Closing, be) duly authorized by the board of directors (and, if required, shareholders) of Seller and by all other necessary corporate action, and no other proceedings are (or will be) necessary for Seller to authorize this Agreement or the other Transaction Agreements and the transactions contemplated hereby and thereby. This Agreement and the Transaction Agreements have been (or, with respect to those Transaction Agreements to be delivered at the Closing, will at or prior to the Closing, be) duly and validly executed and delivered by Seller and constitute (or will constitute) legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

Section 2.03. No Conflict; Required Filings and Consents.

(a) Neither the execution and delivery by Seller of this Agreement and the Transaction Agreements, nor the performance by Seller of its obligations hereunder or thereunder, nor the consummation of the transactions contemplated hereby and thereby, will: (i) conflict with, or result in the breach of, any provision of the certificate of incorporation or bylaws of Seller; (ii) violate any Applicable Laws; or (iii) except as set forth on Schedule 2.03(a), conflict with or result in any violation or breach of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation, suspension, modification or acceleration of any obligation or any increase in any payment required by, or the impairment, loss or forfeiture of any Material benefits, rights or privileges under, or the creation of a Lien on any assets pursuant to (any such conflict, violation, breach, default, right of termination, cancellation or acceleration, loss or Lien, a "Violation") any Contract (A) to which Seller is a party, (B) by which Seller or any of its assets or properties are bound or affected, or (C) pursuant to which Seller is entitled to any rights or benefits, except for such Violations which would not reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth on Schedule 2.03(b), no consent, approval, authorization, exemption or waiver of or permit from, or declaration, filing or registration with, any Governmental Authority or any other Person is required to be made or obtained by Seller in

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connection with the execution, delivery and performance of this Agreement or the other Transaction Agreements or the consummation of the transactions contemplated hereby or thereby, except where the failure to obtain such consent, approval, authorization, permit or declaration or to make such filing or registration would not reasonably be expected to have a Material Adverse Effect.

Section 2.04. Ownership and Delivery of the Bison Interest.

Seller is the sole legal and beneficial owner of 100% of the membership interests in Bison LLC. Except as set forth on Schedule 2.04, at the Closing, Seller will transfer good and valid title to the Bison Interest to Buyer, free and clear of any and all Liens. There are no outstanding subscriptions, options, warrants, calls, rights, commitments, arrangements, understandings or agreements of any character affecting Seller's right to transfer the Bison Interest as contemplated herein.

Section 2.05. No Brokers.

Seller does not have any liability to pay any compensation to any broker, finder or agent with respect to the transactions contemplated hereby.

Section 2.06. Legal Proceedings.

There are no actions or proceedings pending or, to the Knowledge of Seller, threatened, against Seller before any court, arbitrator or Governmental Authority acting in an adjudicative capacity which, if adversely determined, would prohibit or restrain the execution, delivery or performance by Seller of this Agreement or the Transaction Agreements or any of the transactions contemplated hereby or thereby. Seller is not subject to any outstanding judgments, rules, orders, writs, injunctions or decrees of any court or Governmental Authority which would prohibit or restrain the execution, delivery or performance by Seller of this Agreement, the Transaction Agreements or any of the transactions contemplated hereby or thereby.

Section 2.07. Absence of Certain Changes.

Except as set forth on Schedule 2.07, between December 31, 2010 and the date hereof: (a) Bison LLC has not incurred any liabilities or obligations, fixed, contingent, accrued or otherwise that are of the type that are required to be set forth on a balance sheet prepared in accordance with GAAP (except for liabilities and obligations incurred in the ordinary course of business); (b) Bison LLC has conducted the Business, in all Material respects, in the ordinary course; and (c) no event, occurrence or other matter has occurred that would reasonably be expected to have a Material Adverse Effect.

Section 2.08. Bison LLC Organization and Qualification.

Bison LLC (a) is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, (b) has all requisite limited liability company power and authority to own and operate its business as presently conducted and (c) is duly qualified as a foreign limited liability company in each of the jurisdictions where the character of its properties owned or held under lease or the nature of its activities makes such qualification

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necessary, except for such failures to be so qualified as would not reasonably be expected to have a Material Adverse Effect.

Section 2.09. No Subsidiaries.

(a) Bison LLC does not own any equity interest in any Person.

(b) Bison LLC is not a party to any Contract, or otherwise subject to any legal restriction, restricting its ability to distribute profits or make any other similar distributions, except (i) as set forth in Schedule 2.09(b) and (ii) for legal restrictions, if any, under the Delaware Limited Liability Company Act.

Section 2.10. Financial Statements.

Copies of the unaudited financial statements (including any notes and schedules thereto) of Bison LLC as at December 31, 2010 are attached as Schedule 2.10 (the "Financial Statements"). The Financial Statements (including in each case any related schedules and notes) fairly present in all Material respects the financial position of Bison LLC as of the date specified therein, and the results of its operations for the respective period so specified, and have been prepared in accordance with GAAP consistently applied throughout the period involved.

Section 2.11. Litigation; Observance of Orders.

(a) Except as set forth on Schedule 2.11(a), there are no actions, suits or proceedings pending or, to the Knowledge of Seller, threatened against Bison LLC in any court or before any arbitrator of any kind or before or by any Governmental Authority that would reasonably be expected to have a Material Adverse Effect.

(b) Bison LLC is not in default under any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority which default would reasonably be expected to have a Material Adverse Effect.

Section 2.12. Tax Matters.

Except as set forth in Schedule 2.12:

(a) all Material Tax Returns required to be filed by or with respect to Bison LLC have been or will be timely filed with the appropriate taxing authorities in all jurisdictions in which such Tax Returns are required to be filed;

(b) such Tax Returns are or will be true and correct in all Material respects, and all Taxes reported on such Tax Returns have been or will be timely paid;

(c) all Material Taxes and Tax liabilities due by or with respect to the income, assets or operations of Bison LLC for all taxable years or portions thereof that end on or before the Closing Date have been timely paid or will be timely paid;

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(d) Bison LLC has not, with respect to itself or its assets, extended or waived the application of any statute of limitations of any jurisdiction regarding the assessment or collection of any Tax;

(e) there are no audits, claims, assessments, levies, administrative proceedings, or lawsuits pending, or to the Knowledge of Seller, threatened against Bison LLC by any taxing authority and Bison LLC has not received any written notices from any taxing authority relating to any issue which could have a Material affect on the Tax liability of Bison LLC after the Closing Date;

(f) no election has been made by Bison LLC to be classified as an association taxable as a corporation for U.S. federal, state or local income tax purposes and Bison LLC is currently treated as a disregarded entity for all such purposes;

(g) there are no Liens for Taxes (other than for current Taxes not yet due or payable) upon the assets of Bison LLC;

(h) none of the assets of Bison LLC, directly or indirectly, secures any debt the interest on which is tax exempt under Section 103(a) of the Code;

(i) Seller is not a person other than a United States person within the meaning of the Code and the transactions contemplated herein are not subject to the tax withholding provisions of the Code;

(j) all Taxes which Bison LLC is (or was) required by law to withhold or collect in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party have been duly withheld or collected, and have been or will be timely paid over to the proper authorities to the extent due and payable;

(k) there are no Tax sharing, allocation, indemnification or similar agreements in effect as between Bison LLC, on the one hand, and any other party (including Seller and its other Affiliates and any predecessors thereof), on the other hand, under which Buyer or Bison LLC could be liable for any Taxes of any such party after the Closing Date;

(l) Bison LLC has not applied for, nor been granted, nor agreed to any accounting method change for which it will be required to take into account any adjustment under Section 481 of the Code or any similar provision of the Code or the corresponding tax laws of any nation, state or locality;

(m) since the Acquisition Date, no written claim has been made by any taxing Governmental Authority in a jurisdiction where Bison LLC does not file Tax Returns that Bison LLC is or may be subject to taxation by that jurisdiction; and

(n) since December 31, 2010, Bison LLC has incurred no Tax liabilities other than in the ordinary course of business.

Section 2.13. Title to Real and Personal Property.

Except as set forth in Schedule 2.13, Bison LLC has good title in fee simple to, or has valid rights to lease or use, by easement, license, Contract or otherwise, all items of real and personal property used in the ordinary course of the Business, in each case free and clear of all Liens, except those that (a) do not materially interfere with the current use of such property by Bison LLC or (b) constitute Permitted Encumbrances.

Section 2.14. Permits; Intellectual Property.

(a) Bison LLC owns or possesses all Permits, patents, copyrights, service marks, trademarks and trade names, or rights thereto, necessary (i) for the operation, ownership and maintenance of the Bison Pipeline and (ii) for the conduct of the Business, except where the failure to own or possess the same would not reasonably be expected to have a Material Adverse Effect. Since the Acquisition Date, Bison LLC has not received any written notice of any revocation or modification of any such Permit, patent, copyright, service mark, trademark or trade name nor has it received any written notice that such Permit, patent, copyright, service mark, trademark or trade name will not be renewed in the ordinary course of business.

(b) Since the Acquisition Date, Bison LLC has made all declarations and filings with the appropriate Governmental Authorities that are necessary for the ownership, maintenance or lease of its Material properties and the conduct of the Business, except where the failure to make the same would not reasonably be expected to have a Material Adverse Effect.

Section 2.15. Condition of Assets.

(a) The Bison Pipeline and all other tangible Material property owned by Bison LLC have been maintained in all Material respects to prevailing industry standards for similar assets and, except as set forth on Schedule 2.15(a), are in satisfactory operating condition and repair, ordinary wear and tear excepted.

(b) There are no capital expenditures currently required in order to preserve the satisfactory operating condition of the Bison Pipeline or other tangible Material property owned by Bison LLC, other than (i) as reflected in the Bison LLC Budget and (ii) normal maintenance expenditures that are incurred or expected to be incurred in the ordinary course of operating the Business.

Section 2.16. Employee Matters.

(a) Bison LLC does not have any employees. Except as set forth on Schedule 2.16(a), there are no employee or employee-benefit related liabilities to which Bison LLC is subject.

(b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby do not involve any transaction that, absent an applicable exemption, is subject to the prohibitions of Section 406(b) of ERISA or in connection with which, absent an applicable exemption, a Tax could be imposed pursuant to Section 4975(c)(1)(A)-(D) of the Code.

Section 2.17. No Violation or Default.

Except as set forth on Schedule 2.17, Bison LLC is not (a) in violation of the Bison LLC Agreement, or its certificate of formation; (b) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, under any Contract to which Bison LLC is a party or by which it is bound or to which any of its property or assets are subject; or (c) in violation of any Applicable Law or any judgment or order of any court or arbitrator or Governmental Authority, except, in the case of clauses (b) and (c) above, for any such default or violation that would not reasonably be expected to have a Material Adverse Effect. Notwithstanding the foregoing, it is understood and agreed that the representations and warranties set forth in this Section 2.17 shall not apply to (i) matters relating to Taxes (as the sole and exclusive representations and warranties regarding Taxes are set forth in Section 2.12), (ii) Permits, declarations and filings (as the sole and exclusive representations and warranties regarding Permits, declarations and filings are set forth in Section 2.14), (iii) employee matters (as the sole and exclusive representations and warranties regarding employee matters are set forth in Section 2.16) or (iv) environmental matters (as the sole and exclusive representations and warranties regarding environmental matters are set forth in Section 2.20).

Section 2.18. Material Agreements.



The Contracts set forth on Schedule 2.18 (collectively, the “Material Agreements”) constitute all Material gas transportation contracts, operation and maintenance agreements, construction contracts and other Material Contracts to which Bison LLC is a party or by which Bison LLC is bound or to which any of its property or assets is subject. The Material Agreements have been duly authorized, executed and delivered by Bison LLC and constitute valid and legally binding agreements of Bison LLC, enforceable against Bison LLC in accordance with their terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors’ rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

Section 2.19. Insurance.

Bison LLC has insurance with Reputable Insurers covering its properties (including the Pipeline and related equipment) against loss or damage of the kinds customarily insured against by companies similarly situated in the industry in which Bison LLC conducts the Business, in such amounts and with such deductibles as is customary of similarly situated companies; and, since the Acquisition Date, Bison LLC has not received written notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance.

Section 2.20. Compliance With Environmental Laws.

Except as set forth on Schedule 2.20, since the Acquisition Date, Bison LLC: (a) has been operated in compliance with any and all Environmental Laws; (b) has received and is in compliance with all Permits required under applicable Environmental Laws to conduct the Business; (c) has not been the subject of any outstanding order or judgment from a Governmental Authority under applicable Environmental Laws requiring remediation or payment of a fine in an amount in excess of \$500,000 individually or in aggregate, and (d) has

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not received any written notice of any actual or potential liability for the violation of, or noncompliance with any Environmental Law, or the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants under any Environmental Law, except in the case of the foregoing clauses (a) and (b) for any such noncompliance as would not reasonably be expected to have a Material Adverse Effect. Except for actions and conditions which have not had and would not reasonably be expected to have a Material Adverse Effect, to the Knowledge of Seller, no condition exists on any property currently owned or leased by Bison LLC which would subject Bison LLC or such property to any remedial obligations or liabilities.

Section 2.21. No Conflict; Required Filings and Consents Applicable.

(a) Except as set forth on Schedule 2.21(a), neither the execution and delivery by Seller of this Agreement or the Transaction Agreements, nor the performance by Seller of the obligations hereunder or thereunder, nor the consummation of the transactions contemplated hereby or thereby, will result in a Violation of any Contract (i) to which Bison LLC is a party, (ii) by which Bison LLC or any of its assets or properties are bound or affected, or (iii) pursuant to which Bison LLC is entitled to any rights or benefits, except for such Violations which would not reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth on Schedule 2.21(b), no consent, approval, authorization, exemption or waiver of or permit from, or declaration, filing or registration with, any Governmental Authority, or any other Person is required to be made or obtained by Bison LLC in connection with the execution, delivery and performance by Seller of this Agreement or the Transaction Agreements or the consummation of the transactions contemplated hereby or thereby, except where the failure to obtain such consent, approval, authorization, permit or declaration or to make such filing or registration would not reasonably be expected to have a Material Adverse Effect.

Section 2.22. Intercompany Matters.

Except for the Transaction Documents or as set forth in Schedule 2.22, there are no intercompany contracts or other arrangements between Bison LLC, on the one hand, and Seller or its other Affiliates, on the other hand, that (a) cannot be terminated by Bison LLC upon notice of thirty (30) days or less and (b) would subject Bison LLC to any obligations or liabilities, or otherwise bind Bison LLC subsequent to the Closing.

**ARTICLE III  
REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer hereby represents and warrants to Seller as follows:

Section 3.01. Organization and Qualification of Buyer.

Buyer is a limited partnership duly organized, validly existing and in good standing under the laws of Delaware. Buyer has all requisite power and authority to own and operate its business as presently conducted. Buyer is duly qualified as a foreign limited partnership and is in good standing in each jurisdiction where the character of its properties owned or held under

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lease or the nature of its activities makes such qualification necessary, except for such failures to be so qualified as would not reasonably be expected to have a material adverse effect on Buyer.

Section 3.02. Authorization; Validity and Effect of Transaction Agreements.

Buyer has the requisite power and authority to execute, deliver and perform its obligations under this Agreement and the other Transaction Agreements and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the other Transaction Agreements by Buyer and the performance by it of its obligations hereunder and thereunder and the consummation of all of the transactions contemplated hereby and thereby have been (or, with respect to those Transaction Agreements to be delivered at the Closing, will, at or prior to the Closing, be) duly

authorized by Buyer's general partner and by all other necessary limited partnership action on the part of it, and no other proceedings are (or will be) necessary for Buyer to authorize this Agreement or the other Transaction Agreements and the transactions contemplated hereby and thereby. This Agreement and the other Transaction Agreements have been (or, with respect to those Transaction Agreements to be delivered at the Closing, will, at or prior to the Closing, be) duly and validly executed and delivered by Buyer and constitute (or will constitute) legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

Section 3.03. No Conflict; Required Filings and Consents Applicable to Buyer.

(a) Neither the execution and delivery by Buyer of this Agreement or the other Transaction Agreements, nor the performance by Buyer of its obligations hereunder or thereunder, nor the consummation of the transactions contemplated hereby or thereby, will: (i) conflict with, or result in the breach of, any provision of its certificate of limited partnership or limited partnership agreement or any other governing or organizational document of Buyer; (ii) violate any Applicable Law; or (iii) conflict with or result in any Violation of any Contract (A) to which Buyer is a party, (B) by which Buyer or any of its assets or properties is bound or affected or (C) pursuant to which Buyer is entitled to any rights or benefits, except for such Violations which would not reasonably be expected to have a material adverse effect on Buyer.

(b) No consent, approval, authorization, exemption or waiver of or permit from, or declaration, filing or registration with, any Governmental Authority or any other Person is required to be made or obtained by Buyer in connection with the execution, delivery and performance of this Agreement or the other Transaction Agreements or the consummation of the transactions contemplated hereby or thereby, except where the failure to obtain such consent, approval, authorization, permit or declaration or to make such filing or registration would not reasonably be expected to have a material adverse effect on Buyer.

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Section 3.04. No Brokers.

Buyer has no liability to pay any compensation to any broker, finder or agent with respect to the transactions contemplated hereby based upon arrangements made by or on behalf of Buyer.

Section 3.05. Legal Proceedings Relating to Buyer.

There are no actions or proceedings pending or, to Buyer's knowledge, threatened against Buyer before any court or Governmental Authority acting in an adjudicative capacity, which, if adversely determined, would prohibit or restrain the execution, delivery or performance of this Agreement or the other Transaction Agreements or any of the transactions contemplated hereby or thereby. Buyer is not subject to any outstanding judgments, rules, orders, writs, injunctions or decrees of any court or Governmental Authority which would prohibit or restrain the execution, delivery or performance of this Agreement, the other Transaction Agreements or any of the transactions contemplated hereby or thereby.

Section 3.06. Acquisition for Investment.

Buyer has such knowledge and experience in financial and business matters that Buyer is capable of evaluating the merits and risks of the investment contemplated by this Agreement and making an informed investment decision with respect thereto. Buyer is acquiring the Bison Interest for Buyer's own account, for investment only and not with a view to, or any present intention of, effecting a distribution of the Bison Interest in violation of the Securities Act. Buyer acknowledges that the Bison Interest has not been registered under the Securities Act or the securities laws of any state or other jurisdiction and cannot be disposed of except in accordance with the Securities Act and any applicable state laws. Buyer is an accredited investor (within the meaning of Regulation D promulgated under the Securities Act).

Section 3.07. No Other Representations; Waiver of Implied Warranties.

Except as provided in Article II of this Agreement, Seller has not made and does not make any other representations or warranties as to the Bison Interest, Bison LLC, the Business or any matter or thing affecting or relating to Bison LLC or its business, operations, assets, properties, liabilities, financial condition, results of operation or other affairs. Buyer hereby waives, to the extent permitted by law, any implied warranty applicable to the transactions contemplated hereby (including any implied warranty of merchantability or fitness for a particular purpose). Buyer acknowledges that it has had the opportunity to conduct its own independent investigation, analysis and evaluation of the Bison Interest, Bison LLC and the Business.

**ARTICLE IV  
COVENANTS OF THE PARTIES**

Section 4.01. Expenses.

Buyer and Seller shall be solely responsible for their respective expenses and costs incurred in connection with the execution and performance of this Agreement, the other Transaction Agreements and the transactions contemplated hereby and thereby.

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Section 4.02. Access to Information by Buyer.

Seller shall grant Buyer reasonable access during normal business hours to all books and records concerning Bison LLC which Seller has in its possession or control, as Buyer deems reasonably necessary or advisable in connection with the consummation of the transactions contemplated hereby; provided that such access shall not materially interfere with normal operations of Seller, Bison LLC or any of their respective Affiliates.

Section 4.03. Conduct of the Business Pending the Closing Date.

(a) Except as required or permitted by this Agreement, or otherwise approved in writing by Buyer (which approval shall not be unreasonably withheld, conditioned or delayed), during the period commencing on the date hereof and ending on the Closing Date, Seller will, and will cause Bison LLC to:

- (i) operate and maintain the Business in all material respects in the usual, regular and ordinary manner consistent with past practices, and to the extent consistent with such operation and maintenance, preserve the present business organization of the Business;
- (ii) maintain its books, accounts and records relating to the Business in the usual, regular and ordinary manner, on a basis consistent with past practice, comply in all Material respects with all laws, rules or regulations of any Governmental Authority and contractual obligations applicable to the Business or to the conduct of the Business and perform all of its Material obligations relating to the Business;
- (iii) not waive any Material claims or rights relating to the Business;
- (iv) after obtaining Knowledge thereof, give notice to Buyer of any claim or litigation (threatened or instituted) or any other event or occurrence which would reasonably be expected to have a Material Adverse Effect, or which would reasonably be expected to cause Seller to breach any representation, warranty or covenant of Seller contained in this Agreement;
- (v) not file an election to have Bison LLC classified as an association taxable as a corporation for U.S. federal, state or local income tax purposes; and
- (vi) not agree, whether in writing or otherwise, to take any action which is inconsistent with this Section 4.03(a).

(b) Notwithstanding anything to the contrary in this Section 4.03, prior to the Closing Date, Buyer, on the one hand, and Seller, on the other hand, will act independently of each other in making decisions as to their respective businesses.

(c) Notwithstanding anything to the contrary in this Section 4.03, subsequent to the Effective Date and prior to the Closing Date, Bison LLC shall not make any distributions to the Seller.

Section 4.04. Disputes.

In the event of a Dispute, upon the written request (a “Request”) of any Party to this Agreement, the matter shall immediately be referred to senior officers of each Party designated by such Party for resolution. The designated senior officers shall meet immediately and attempt in good faith to negotiate a resolution of the Dispute. If the Parties are unable to resolve the Dispute within fifteen (15) Business Days after receipt by a Party of a Request, then either Party may seek any legal avenue available under this Agreement to resolve the Dispute.

Section 4.05. Commercially Reasonable Efforts.

Each Party shall use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement and the other Transaction Agreements as soon as reasonably practicable, including such actions or things as any Party hereto may reasonably request in order to cause any of the conditions to any other Party’s obligation to consummate such transactions specified in Article V to be fully satisfied, and as promptly as is reasonably practicable cooperate with and furnish information to each other in connection with any requirements imposed upon any of them with respect thereto.

Section 4.06. Schedules.

(a) Any information disclosed by any Party hereto pursuant to any Schedule hereto shall be deemed to be disclosed to the other Party for all purposes of this Agreement and the Transaction Agreements. Neither the specification of any dollar amount or any item or matter in any provision of this Agreement or any Transaction Agreement nor the inclusion of any specific item or matter in any Schedule hereto or thereto is intended to imply that such amount, or higher or lower amounts, or the item or matter so specified or included, or other items or matters, are or are not Material, and no Party shall use the fact of the specification of any such amount or the specification or inclusion of any such item or matter in any dispute or controversy between the Parties as to whether any item or matter is or is not Material for purposes of this Agreement or any Transaction Agreement. Neither the specification of any item or matter in any provision of the Agreement or any Transaction Agreement nor the inclusion of any specific item or matter in any Schedule hereto or thereto is intended to imply that such item or matter, or other items or matters, are or are not in the ordinary course of business, and no Party shall use the fact of the specification or the inclusion of any such item or matter in any dispute or controversy between the parties as to whether any item or matter is or is not in the ordinary course of business for purposes of this Agreement or any Transaction Agreement.

(b) Each Party shall from time to time prior to or at the Closing, supplement or amend any Schedule hereto to correct any matter which would constitute a breach of any representation, warranty, covenant or obligation contained herein. No such supplement or amendment shall be deemed to cure any breach for purposes of Section 5.02(a) or Section 5.03(a) (as applicable). If, however, the Closing occurs, any such supplement and amendment relating to matters arising after the date hereof will be effective to cure and correct for all purposes any inaccuracy in or breach of any representation, warranty, covenant or obligation which would have existed if such Party had not made such supplement or amendment, and all

**ARTICLE V  
CONDITIONS PRECEDENT**

Section 5.01. Conditions to Obligation of Each Party to Close.

The respective obligations of each Party to effect the transactions contemplated hereby shall be subject to the satisfaction or waiver at or prior to the Closing Date of all of the following conditions:

(a) No Orders. No statute, rule, regulation, executive order, decree, ruling, permanent injunction or other permanent order shall have become effective (and final and nonappealable) permanently restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement or the other Transaction Agreements.

(b) Closing of GTN. The closing of the transactions contemplated under the GTN PSA shall occur contemporaneously with the Closing.

Section 5.02. Conditions to Seller's Obligation to Close.

Seller's obligation to effect the transactions contemplated hereby shall be subject to the satisfaction or waiver on or prior to the Closing Date of all of the following conditions:

(a) Representations and Warranties; Covenants. The representations and warranties of Buyer contained in Article III shall be true and correct in all material respects (except where such representations and warranties are already modified by materiality, in which case, such representations and warranties shall be true and correct in all respects) on and as of the date of execution of this Agreement and on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on, as of and with reference to such time, and Buyer shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by Buyer at or prior to the Closing Date. Buyer shall have delivered a certificate to Seller at Closing attesting to these matters.

Section 5.03. Conditions to Buyer's Obligation to Close.

Buyer's obligation to effect the transactions contemplated hereby shall be subject to the satisfaction or waiver on or prior to the Closing Date of all of the following conditions:

(a) Representations and Warranties; Covenants. The representations and warranties of Seller contained in Article II shall be true and correct in all material respects (except where such representations and warranties are already modified by materiality, in which case, such representations and warranties shall be true and correct in all respects) on and as of the date of execution of this Agreement and on and as of the Closing Date, with the same force and

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effect as though such representations and warranties had been made by Seller on, as of and with reference to such time, and Seller shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by Seller at or prior to the Closing Date. Seller shall have delivered a certificate to Buyer at Closing attesting to these matters.

(b) No Material Adverse Effect. No Material Adverse Effect shall have occurred since the date hereof.

**ARTICLE VI  
SURVIVAL; INDEMNIFICATION**

Section 6.01. Survival.

The representations, warranties, covenants, agreements and indemnification obligations of the Parties contained in this Agreement shall survive the Closing until eighteen (18) months from the Closing Date and shall thereafter terminate and expire on the first Business Day following the date that is eighteen (18) months from the Closing Date; provided, however, that: (a) the representations and warranties of Seller contained in Section 2.12 (Taxes) (and the indemnification obligations of Seller with respect thereto, as set out in Section 7.05) shall survive until the expiration of the applicable statute of limitations; and (b) the representations and warranties of the Parties set forth in Section 2.02 (Authorization; Validity and Effect of Transaction Agreements), Section 2.04 (Ownership), Section 2.05 (No Brokers-Seller), Section 3.02 (Authorization; Validity and Effect of Transaction Agreements) and Section 3.04 (No Brokers-Buyer), (collectively, the "Identified Representations") (and the indemnification obligations of the Parties with respect thereto) shall survive indefinitely. Notwithstanding anything to the contrary in the preceding sentence, (i) any claim for indemnification which shall have been asserted pursuant to Section 6.04 or Section 7.05 prior to the expiration of the survival period applicable to such claim shall survive until the final resolution of such claim in accordance with the provisions of this Article VI; and (ii) in the event that (A) a Party provides written notice to the other Party that the first Party may seek indemnification under this Article VI or Article VII for a potential Loss and Expense prior to the expiration period applicable to the potential claim described in such notice, (B) such written notice describes in reasonable detail the specific factual basis for such potential Loss and Expense and (C) such first Party asserts an actual claim for indemnification pursuant to Section 6.04 or Section 7.05 within sixty (60) days of such notice, then the potential indemnification claim described in such notice shall survive until the final resolution of such claim in accordance with the provisions of this Article VI.

Section 6.02. Indemnification of Buyer.

(a) From and after the Closing Date, but subject to the limitations set forth in this Article VI, Seller shall indemnify and hold harmless Buyer, TC PipeLines, LP and their respective officers, directors, employees, agents and representatives (the "Buyer Indemnified Parties") from and against any damage, loss, claim, obligation, liability, cost (including reasonable attorneys' fees and expenses), expense or deficiency (collectively, "Loss and Expense") suffered or incurred by any of the Buyer Indemnified Parties by reason of, arising out

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of, or resulting from any breach of any representation, warranty, covenant or agreement of Seller contained in this Agreement, the other Transaction Agreements or any certificate or document required to be delivered by Seller to Buyer pursuant to this Agreement or any other Transaction Agreement (other than breaches or representations, warranties and covenants in Section 2.12 or Article VII, the indemnification obligations for which are set forth in Article VII).

(b) Subject to the terms and conditions of this Agreement, any Loss and Expense suffered by the Buyer Indemnified Parties for which the Buyer Indemnified Parties are to be indemnified by Seller pursuant to this Article VI or Section 7.05 shall be paid by Seller to the Buyer Indemnified Parties in U.S. Dollars.

Section 6.03. Indemnification of Seller.

(a) From and after the Closing, but subject to the limitations set forth in this Article VI, Buyer shall indemnify and hold harmless Seller and its officers, directors, employees, agents and representatives (the “Seller Indemnified Parties”) from and against any Loss and Expense suffered or incurred by reason of, arising out of or resulting from any breach of any representation, warranty, covenant or agreement of Buyer contained in this Agreement or any certificate or document required to be delivered by Buyer to Seller pursuant to this Agreement.

(b) Subject to the terms and conditions of this Agreement, any Loss and Expense suffered by the Seller Indemnified Parties for which the Seller Indemnified Parties are to be indemnified by Buyer pursuant to this Section 6.03 shall be paid by Buyer to the Seller Indemnified Parties in U.S. Dollars.

Section 6.04. Indemnification Procedures.

(a) Terms. As used herein, the term “Indemnified Party” shall mean the Buyer Indemnified Parties or Seller Indemnified Parties, as applicable, the term “Notifying Party” shall mean the Party entitled to indemnification hereunder, and the “Indemnifying Party” shall refer to the Party obligated to indemnify such Notifying Party’s Indemnified Parties.

(b) Claims. An Indemnified Party that seeks indemnification under this Article VI for a Loss and Expense that does not arise out of a Third Party Claim (such claim for indemnification being referred to herein as a “Claim”) shall promptly notify the Indemnifying Party of such Claim in writing. Such notice shall be a condition precedent to any liability of the Indemnifying Party for such Claim under this Article VI, and such notice shall describe the Claim in reasonable detail and shall indicate the amount (estimated if necessary) of the Loss and Expense that has been or may be sustained by the Indemnified Party.

(c) Third Party Claims. In the event that any of the Indemnified Parties is made or threatened to be made a defendant in or party to any action or proceeding, judicial or administrative, instituted by any third party, the liabilities for which, or the costs or expenses of which, are or would be a Loss and Expense for which the Indemnified Party is entitled to indemnification hereunder (any such third party action or proceeding being referred to herein as a “Third Party Claim”), the Notifying Party shall give the Indemnifying Party notice in writing, within ten (10) calendar days after learning of such Third Party Claim. The failure to timely give such notice shall not affect any Indemnified Party’s ability to seek reimbursement except to the

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extent such failure adversely affects the Indemnifying Party’s ability to defend successfully a Third Party Claim or such notice is given after the expiration of the applicable survival period set forth in Section 6.01. The Indemnifying Party shall be entitled to contest and defend such Third Party Claim; provided, that the Indemnifying Party diligently contests and defends such Third Party Claim. Notice of the intention to contest and defend shall be given by the Indemnifying Party to the Notifying Party within ten (10) Business Days after the Notifying Party’s notice of such Third Party Claim (but in all events as soon as possible prior to the date an answer or other defense to such Third Party Claim is due to be filed). Such contest and defense shall be conducted by competent counsel employed by the Indemnifying Party and reasonably acceptable to the Notifying Party. The Notifying Party shall be entitled at any time, at its own cost and expense (which expense shall not constitute a Loss and Expense) to participate in such contest and defense and to be represented by attorneys of its or their own choosing. If the Notifying Party elects to participate in such defense, the Notifying Party shall cooperate with the Indemnifying Party in the conduct of such defense. Neither the Notifying Party nor the Indemnifying Party may concede, settle or compromise any Third Party Claim without the consent of the other Party, which consent shall not be unreasonably withheld or delayed. Subject to the preceding sentence, in the event the Indemnifying Party fails to contest and defend a Third Party Claim, the Notifying Party shall be entitled to contest and defend such Third Party Claim in such manner and on such terms as the Notifying Party may deem appropriate, and the Indemnifying Party shall be liable for the Loss and Expense of the Notifying Party in accordance with the provisions of this Article VI.

Section 6.05. Limitations.

(a) Excluded Losses and Basket. Notwithstanding anything herein to the contrary, Seller shall have no obligation or liability to indemnify a Buyer Indemnified Party under this Article VI: (i) with respect to any claim or series of related claims, unless in the reasonable estimate of the Notifying Party, the amount of indemnifiable Loss and Expense in respect of such claims is greater than or equal to \$50,000.00 (a “Qualifying Claim”); and (ii) unless and until the aggregate indemnifiable Loss and Expense suffered by the Buyer Indemnified Parties arising out of Qualifying Claims exceeds one percent (1%) of the Purchase Price, in which event only the Losses and Expenses in excess of such amount shall be paid in accordance with the terms of this Article VI. The foregoing limitations shall not apply to any Loss and Expense resulting from or arising out of (A) a breach of an Identified Representation or (B) Taxes which are covered by Article VII.

(b) Multiple Indemnification. Notwithstanding anything to the contrary herein, to the extent that an Indemnified Party has multiple rights of indemnification pursuant to this Article VI or Article VII, such Indemnified Party may only, consistent with the limitations set forth herein, recover such Loss and Expense one time.

(c) Maximum Indemnification Liability of Seller. Notwithstanding anything herein to the contrary, the maximum aggregate liability of Seller to the Buyer Indemnified Parties pursuant to Section 6.02 shall be an amount equal to fifteen percent (15%) of the Purchase Price; provided, however, that the foregoing limitation shall not apply to any Loss and Expense resulting from or arising out of a breach of a Seller’s Identified Representation, in which case the maximum aggregate liability of Seller to the Buyer Indemnified Parties pursuant

to Section 6.02 shall in no event exceed an amount equal to the Purchase Price or (ii) any Loss and Expense resulting from or arising out of or resulting from Taxes which are covered by Article VII, in which case the maximum aggregate liability of Seller to the Buyer Indemnified Parties pursuant to Section 6.02 shall not be limited.

(d) Adjustment for Tax Benefit and Insurance Coverage. The Parties shall make all appropriate adjustments for tax benefits and insurance coverage in determining the amount of any Loss and Expense for purposes of this Article VI, the intent being that Losses and Expenses recoverable by an Indemnified Party from an Indemnifying Party shall be net of any tax benefits and insurance proceeds available to or recovered by the Indemnified Party, taking into account any tax costs (or reduction in tax benefits) resulting from the indemnity payments and insurance proceeds.

Section 6.06. Exclusive Remedy.

Except for any remedies set forth in Article VIII of this Agreement, the indemnification rights provided to the Parties pursuant to this Article VI, as limited by and subject to the provisions of this Article VI, shall be the Parties' sole and exclusive remedy with respect to this Agreement and the other Transaction Agreements, including with respect to any breach of any representation or warranty by, or covenant or obligation of, the other Party under this Agreement and the other Transaction Agreements, other than with respect to: (i) Tax indemnification claims under Article VII; (ii) a breach of the covenant contained in Section 9.05; and (iii) any action or inaction by a Party that constitutes fraud.

Section 6.07. Exclusion.

Notwithstanding anything to the contrary in this Article VI, Seller shall not be obligated under this Article VI to indemnify any Buyer Indemnified Party for any Loss and Expense that directly arises out of or results directly from any event, occurrence or state of facts disclosed in the Schedules to this Agreement.

## ARTICLE VII TAX MATTERS

Section 7.01. Tax Returns.

(a) Seller to File. Seller shall have the exclusive authority and obligation to prepare and file, or cause to be prepared and filed, all Tax Returns of Bison LLC for all tax periods.

(i) Tax Periods Ending on or Before the Closing Date. Seller shall pay or cause to be paid the Taxes of Bison LLC with respect to all periods ending on or prior to the Closing Date; and

(ii) Tax Periods Beginning Before and Ending After the Closing Date. Taxes of Bison LLC with respect to any Tax period which begins before the Closing Date and ends after the Closing Date (an "Overlap Period") shall be allocated such that: (i) in the case of Income Taxes, Seller shall be liable for an

amount equal to the amount that would be payable if the taxable year ended on the Closing Date; and (ii) in the case of Taxes other than Income Taxes, Seller shall be liable for an amount equal to the amount of such Taxes multiplied by a fraction the numerator of which is the number of calendar days in the period ending on the Effective Date and the denominator of which is the number of calendar days in the Overlap Period.

(iii) Any Taxes of Bison LLC for which the Seller is not liable pursuant to this Section 7.01(a) shall be borne by Bison LLC.

(b) Any Tax Return to be prepared pursuant to the provisions of this Section 7.01 shall be prepared in a manner consistent with practices followed in prior years with respect to similar Tax Returns, except for changes required by changes in Applicable Law or fact. Seller shall not file an amended Tax Return for Bison LLC for any period ending on or prior to the Closing Date, without the consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 7.02. Transfer Taxes.

The Parties acknowledge and agree that neither Party has identified any Transfer Taxes that would result from the transactions contemplated by this Agreement. However, if any Transfer Taxes are owed by either Party on account of the transactions contemplated by this Agreement, they shall be borne equally by Buyer and Seller.

Section 7.03. Tax Sharing Agreements.

Seller shall terminate or cause to be terminated any and all of the tax sharing, allocation, indemnification or similar agreements, arrangements or undertakings in effect, written or unwritten, on or before the Closing Date as between Bison LLC, on the one hand, and Seller or any other Affiliate thereof, on the other hand, for all Taxes imposed by any government or taxing authority, regardless of the period in which such Taxes are imposed, and there shall be no continuing obligation of Bison LLC from and after the Closing Date to make any payments under any such agreements, arrangements or undertakings.

Section 7.04. Controversies.

(a) Seller, or the Seller's Representative, at its sole expense, shall have the authority to represent the interests of Bison LLC with respect to any inquiries, claims, assessments, audits or similar events (each, a "Tax Matter") relating to any period ending on or prior to the Closing Date

before the U.S. Internal Revenue Service, any other taxing authority, any other governmental agency or authority or any court and shall have the sole right to control the defense, compromise or other resolution of any Tax Matter, including responding to inquiries, filing Tax Returns and contesting, defending against and resolving any assessment for additional Taxes or notice of Tax deficiency or other adjustment of Taxes of, or relating to, such Tax Matter; provided, however, that neither Seller nor any of its Affiliates shall enter into any settlement of or otherwise compromise any Tax Matter that adversely affects or may adversely affect the Tax liability of Buyer (or its direct or indirect partners), Bison LLC or any Affiliate of the foregoing for any period ending after the Closing Date, including the portion of the Overlap

Period that is after the Closing Date, without the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed. Seller or the Seller's representative shall keep Buyer fully and timely informed with respect to the commencement, status and nature of any Tax Matter and shall provide Buyer with a copy of all correspondence, notices and filings received or sent by Seller in connection with such proceedings. Seller shall, in good faith, allow Buyer, at its sole expense, to make comments to Seller or Seller's representative, regarding the conduct of or positions taken in any such proceeding and to participate in such proceeding.

(b) Except as otherwise provided in Section 7.04(a), from and after the Closing, Tax Matters will be handled in accordance with the Bison A&R LLC Agreement.

Section 7.05. Tax Indemnity.

Notwithstanding any other provisions of this Agreement, this Article VII shall apply to indemnifications by Seller to Buyer for, and shall be the sole remedy of Buyer in respect of, the losses described in the following sentence and such indemnifications shall not be subject to any limitations described in Section 6.05 hereof. Notwithstanding any provision to the contrary contained in this Agreement, Seller agrees to indemnify, defend and hold harmless Buyer, its Affiliates (including Bison LLC after Closing) and their respective shareholders, partners, officers, directors, employees and agents against: (i) all Taxes attributable to, or resulting from the breach of any representation or warranty made pursuant to Section 2.12 of this Agreement as of the Closing Date; (ii) all Income Taxes imposed on or asserted against the properties, income or operations of Bison LLC or for which Bison LLC may otherwise be liable, for all periods or portions thereof prior to the Closing Date; (iii) all Taxes, other than Income Taxes imposed on or asserted against properties, income or operations of Bison LLC or for which Bison LLC may otherwise be liable, for all periods or portions thereof prior to the Effective Date; (iv) all Taxes, except for Transfer Taxes which are the responsibility of Buyer and Seller pursuant to Section 7.02, imposed on Bison LLC or for which Bison LLC may be liable, as a result of any transaction contemplated by this Agreement; (v) all Taxes imposed on Bison LLC as a result of the provisions of Treasury Regulations Section 1.1502-6 or the analogous provisions of any state, local or foreign law; and (vi) all Income Taxes for which Bison LLC is liable as a result of any election for Bison LLC to be treated as other than a disregarded entity for U.S. federal, state or local income tax purposes that is filed at any time on or prior to the Closing Date (other than any election by or at the behest of Buyer).

Section 7.06. Tax Refunds.

Refunds of Taxes paid or payable with respect to Taxes attributable to Bison LLC shall be paid to Seller within ten (10) Business Days if attributable to Taxes with respect to any Tax year ending on or before the Closing Date or for any Tax year beginning before and ending after the Closing Date to the extent allocable to Seller (determined in a manner consistent with Section 7.01). All other Tax refunds attributable to Bison LLC shall be the property of Bison LLC.

## ARTICLE VIII TERMINATION

Section 8.01. Termination.

This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of Buyer and Seller;

(b) by either Buyer or Seller by written notice to the other Party if the Closing shall not have occurred before July 31, 2011; provided, that the right to terminate this Agreement pursuant to this Section 8.01(b) shall not be available to a Party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur prior to such date; or

(c) by either Buyer or Seller by written notice to the other Party if there shall have been a material breach or default of any of the representations, warranties, covenants or agreements of such other Party hereunder that reasonably cannot be or has not been cured within thirty (30) calendar days after delivery of written notification thereof by the terminating Party and which material breach or default would result in a failure to satisfy the conditions to Closing set forth in Section 5.02 or Section 5.03, as the case may be.

Section 8.02. Effect of Termination.

If this Agreement is terminated in accordance with this Article VIII, all further obligations of the Parties hereunder shall terminate. In the event of a termination contemplated hereby by any Party pursuant to this Article VIII, the transactions contemplated hereby shall be abandoned without further action by any Party hereto, and there shall be no obligation of or liability under this Agreement to any Party hereto, or their respective shareholders, directors, officers, employees, representatives or agents, except that this Section 8.02 and Article IX shall survive termination of this Agreement.

## ARTICLE IX MISCELLANEOUS

Section 9.01. Modification.

This Agreement may be amended or modified only by a written instrument executed by Buyer and Seller.

Section 9.02. Notices.

All notices which are required or may be given pursuant to the terms of this Agreement shall be in writing and shall be deemed given: (i) the next Business Day after being sent by Federal Express or any other recognized overnight courier service providing delivery confirmation; (ii) three (3) Business Days after mailing by certified or registered mail, with postage prepaid and with return receipt requested; or (iii) when a confirmation is received after being sent by legible facsimile transmission, addressed as follows:

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If to Sellers to: TC Continental Pipeline Holdings Inc.  
717 Texas Street  
Suite 2400  
Houston, Texas  
77002-2761  
Attention: Corporate Secretary  
Fax: (832) 320-5201

with a copy (which shall not constitute notice) to:

TransCanada PipeLines Limited  
450 — 1st Street S.W.  
Calgary, Alberta  
Canada  
T2P 5H1  
Attention: General Counsel  
Fax: (403) 920-2411

If to Buyer to: TC PipeLines Intermediate Limited Partnership  
c/o TC PipeLines GP, Inc.  
450 — 1<sup>st</sup> Street, S.W.  
Calgary, Alberta  
Canada  
T2P 5H1  
Attention: Secretary  
Fax: (403) 920-2460

with a copy (which shall not constitute notice) to:

Alan Talkington, Esq.  
Orrick, Herrington & Sutcliffe LLP  
405 Howard Street  
San Francisco, CA 94105

or to such other address or addresses as any Party shall have designated by notice in writing to the other Party in accordance with this Section 9.02.

Section 9.03. Entire Agreement.

The Transaction Agreements and all the other documents executed and delivered by Buyer and Seller pursuant hereto (or as contemplated hereby), contain the entire understanding of the Parties with respect to the subject matter of this Agreement, and there are no representations, warranties, covenants or agreements other than those expressly set forth herein or therein. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the subject matter of this Agreement.

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Section 9.04. Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

Section 9.05. Press Releases.

The initial press release or releases to be issued in connection with the execution of this Agreement shall be mutually agreed upon by the Parties prior to the issuance thereof. Prior to the fifth (5<sup>th</sup>) Business Day prior to the Closing, Buyer and Seller shall consult with each other before they or any of their Affiliates issue any other press release or otherwise make any other public statement with respect to this Agreement or the transactions contemplated hereby. Following any termination of this Agreement, Buyer and Seller shall consult with each other before they or any of their Affiliates issue any other press release or otherwise make any other public statement with respect to such termination. Buyer and Seller and their Affiliates shall not issue any other press release or make any such other public statement prior to any consultation (but no approval thereof shall be required), except as maybe required by Applicable Law or stock exchange rule.

Section 9.06. Assignment.



This Agreement, and any right or obligation hereunder may be assigned or delegated (in whole or in part) only in accordance with this Section 9.06. Upon the prior, written consent of the other Party hereto, a Party may assign this Agreement or a right hereunder, or delegate an obligation hereunder, to another Person.

Section 9.07. Severability.

The terms of this Agreement are fully severable, and the decision or judgment of any court of competent jurisdiction rendering void or unenforceable any one or more of such terms shall not render void or unenforceable any of the other terms hereof.

Section 9.08. Captions; Article and Section References.

The caption at the heading of each Article and Section of this Agreement is for convenience of reference only and is not to be deemed a part of the Agreement itself and will not affect the meaning or interpretation of this Agreement. Article and section references are to the articles and sections of this Agreement unless otherwise indicated.

Section 9.09. Choice of Law.

This Agreement shall be construed and enforced in accordance with the laws of the State of New York, without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

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Section 9.10. Counterparts.

This Agreement may be executed and delivered in one or more counterparts, including facsimile counterparts with originals to follow, each of which shall be deemed to be part of one and the same original document.

Section 9.11. Waiver.

Any of the terms and conditions of this Agreement may be waived in writing at any time on or prior to the Closing Date by the Party entitled to the benefits thereof. No waiver by any Party of any breach of this Agreement shall be deemed a waiver of any subsequent breach of the same or any other provision.

Section 9.12. Construction.

The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. For the purposes hereof: (i) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires; (ii) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the appendices and exhibits hereto) and not to any particular provision of this Agreement, and Article, Section, paragraph, appendix and exhibit references are to the Articles, Sections, paragraphs, appendices and exhibits to this Agreement unless otherwise specified; (iii) the word “including” and words of similar import when used in this Agreement shall mean “including without limitation” unless the context otherwise requires or unless otherwise specified; (iv) the phrase “ordinary course of business” or “normal course” or any similar phrase shall mean “ordinary course of business consistent with past practice” unless the context requires otherwise or unless otherwise specified; (v) all references to any period of days shall be deemed to be to the relevant number of calendar days unless otherwise specified; and (vi) all monies are deemed to be in U.S. dollars unless otherwise stated.

Section 9.13. Incorporation of Exhibits, Schedules and Appendices.

Any Exhibits, Schedules, and Appendices identified in this Agreement are incorporated herein by reference and made a part hereof.

Section 9.14. No Third-Party Beneficiaries.

This Agreement shall not confer any rights or remedies upon any Person other than the Parties, the Buyer Indemnified Parties, the Seller Indemnified Parties and their respective successors and permitted assigns.

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Section 9.15. No Consequential or Punitive Damages.

No Party shall be liable to any other Party or Person for any consequential, exemplary, special or punitive damages in connection with this Agreement or the other Transaction Agreements.

Section 9.16. Time of Essence.

Time is of the essence under this Agreement.

Section 9.17. Defined Terms.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by duly authorized officers of the Parties as of the day and year first above written.

**TC CONTINENTAL PIPELINE HOLDINGS INC.**

By: /s/ Dean K. Fegerson  
Name: Dean K. Fegerson  
Title: President

By: /s/ Jon A. Dobson  
Name: Jon A. Dobson  
Title: Corporate Secretary

**TC PIPELINES INTERMEDIATE LIMITED PARTNERSHIP**

by TC PipeLines GP, Inc., its General Partner

By: /s/ Steve Becker  
Name: Steve Becker  
Title: President, TC PipeLines GP, Inc.

By: /s/ Donald J. DeGrandis  
Name: Donald J. DeGrandis  
Title: Secretary

[Signature Page to Purchase Agreement]

**EXECUTION COPY**

**APPENDIX A**

**DEFINITIONS**

As used in this Agreement, the following terms shall have the following meanings:

“Acquisition Date” means August 28, 2008.

“Actual Construction Expenditures” means the total amount of capital expenditures actually incurred towards completing the construction of the Bison Pipeline, not including any expansions, after the Effective Date and up to the Construction Completion Date.

“Affiliate” means, with respect to any Person, any other Person that, directly or indirectly controls (including all directors and officers of such Person), is controlled by, or through one or more intermediaries, under direct or indirect common control with, such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise. Notwithstanding the foregoing, Buyer and Seller shall not be considered Affiliates of one another for the purposes of this Agreement.

“Agreement” has the meaning set forth in the preamble.

“Applicable Law” means, with respect to any Person, any statute, law, regulation, ordinance, rule, judgment, rule of common law, order or decree, directive, guideline, policy, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, whether in effect as of the date hereof or thereafter, and in each case as amended, applicable to such Person or its subsidiaries or their respective assets.

“Asset Acquisition Statement” has the meaning set forth in Section 1.04.

“Assignment and Assumption Agreement” means the agreement attached as Exhibit B hereto.

“Base Purchase Price” means \$200,000,000 less twenty-five percent (25%) of Forecasted Construction Expenditures.

“Bison A&R LLC Agreement” has the meaning set forth in Section 1.07(c).

“Bison LLC” has the meaning set forth in the recitals.

“Bison LLC Agreement” has the meaning set forth in the recitals.

“Bison LLC Budget” means the budget of Bison LLC attached hereto as Exhibit C.

“Bison Interest” has the meaning set forth in the recitals.

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“Bison Pipeline” means, collectively with all associated laterals and meter stations, a natural gas pipeline system consisting of the Bison pipeline, plus any expansions or improvements undertaken, in whole or in part, by Bison LLC or any of its Affiliates.

“Business” means Bison LLC’s business of constructing, owning and operating the Bison Pipeline and transporting natural gas on its system pursuant to transportation contracts with shippers.

“Business Day” means any day on which banks are generally open to conduct business in New York, New York and Calgary, Alberta.

“Buyer” has the meaning set forth in the preamble.

“Buyer Indemnified Parties” has the meaning set forth in Section 6.02(a).

“Claim” has the meaning set forth in Section 6.04(b).

“Closing” has the meaning set forth in Section 1.05.

“Closing Date” has the meaning set forth in Section 1.05.

“Closing Payment” means the Estimated Purchase Price increased by the Interest Amount.

“Closing Statement” has the meaning set forth in Section 1.06(a).

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Construction Completion Date” is the earlier of December 31, 2012 or the date upon which Seller delivers a notice to Buyer that construction of the Bison Pipeline, not including any expansions, has been completed.

“Contract” means any note, bond, indenture, mortgage, deed of trust, lease, franchise, permit, authorization, license, contract, instrument, employee benefit plan or practice, or other agreement, obligation or commitment or concession of any nature.

“Current Assets” means the aggregate of (i) cash, (ii) accounts receivable (iii) accounts receivable and advances receivable from affiliated companies, including advances receivable from TransCanada PipeLine USA Ltd. under its cash management agreement, (iv) plant material and operating supplies and (v) prepayments.

“Current Liabilities” means the aggregate of (i) accounts payable, (ii) payables and advances to affiliated companies, including advances payable to TransCanada PipeLines USA Ltd. under its cash management agreement (iii) accrued taxes other than Income Taxes and (iv) other current and accrued liabilities. For the avoidance of doubt, Current Liabilities shall not include accrued Income Taxes.

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“Dispute” means any dispute, controversy or claim arising out or relating to this Agreement or the breach, termination or validity thereof.

“Effective Date” means 12:01 am on May 1, 2011.

“Environmental Laws” means any foreign, federal, state or local law, statute, ordinance, order, decree, rule or regulation relating to releases, discharges, emissions or disposals to air, water, land or groundwater of Hazardous Materials; to the use, handling, transport, release or disposal of polychlorinated biphenyls, asbestos or urea formaldehyde or any other Hazardous Material; to the treatment, storage, disposal or management of Hazardous Materials; to exposure to toxic, hazardous or other controlled, prohibited or regulated substances; to health or safety in the workplace; and to the protection of the public’s health and safety and the environment, including the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq., the Toxic Substances Control Act, 15 U.S.C. 2601, et seq., the Occupational Safety and Health Act, 29 U.S.C. 651, et seq., the Clean Air Act, 42 U.S.C. 7401, et seq., the Federal Water Pollution Control Act, 33 U.S.C. 1251, et seq., the Safe Drinking Water Act, 42 U.S.C. 300f, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. 1802 et seq. and the Emergency Planning and Community Right to Know Act, 42 U.S.C. 11001 et seq., and other comparable foreign, state and local laws and all rules, regulations and guidance documents promulgated pursuant thereto or published hereunder.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time and the regulations promulgated and rulings issued hereunder.

“Estimated Purchase Price” means the Base Purchase Price, adjusted as follows: (x) if the Estimated Working Capital is in excess of the Reference Amount, the Base Purchase Price shall be increased by twenty-five percent (25%) of the amount of such excess in order to determine the Estimated Purchase Price and (y) if the Estimated Working Capital is less than the Reference Amount, the Base Purchase Price shall be decreased by twenty-five percent (25%) of the amount of the deficiency.

“Estimated Working Capital” means Seller’s good faith estimate of the Working Capital as of the Effective Date.

“Final Construction Expenditures Adjustment Statement” has the meaning set forth in Section 1.03(a)(ii).

“Financial Statements” has the meaning set forth in Section 2.10.

“Forecasted Construction Expenditures” means the amount, projected as of the Effective Date, of the total additional capital expenditures that will be required to complete the construction of the Bison Pipeline, not including any expansions, that will be incurred after the Effective Date, being \$36.4 million as set forth in Schedule 2.10(a).

“GAAP” means U.S. generally accepted accounting principles. All references to GAAP shall mean GAAP as in effect on the date hereof, unless otherwise specified.

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“Governmental Authority” means any federal, state, county, municipal, regional or other governmental authority, agency, board, body, instrumentality, commission or political subdivision of any of the foregoing, or any court or arbitrator.

“GTN PSA” means the purchase and sale agreement, dated as of the date hereof, between TransCanada American Investments Ltd., and Buyer.

“Hazardous Material” means any substance, waste, pollutant, contaminant or material subject to regulation under any Environmental Law.

“Identified Representation” has the meaning set forth in Section 6.01.

“Income Tax” means federal, state, local, or foreign income or franchise Taxes or other similar Taxes measured in whole or in part by income and any interest and penalties or additions thereon.

“Indemnified Party” has the meaning set forth in Section 6.04(a).

“Indemnifying Party” has the meaning set forth in Section 6.04(a).

“Independent Accounting Firm” means an independent nationally recognized accounting firm as mutually selected by Seller and Buyer.

“Interest Amount” means interest (calculated based on the actual number of days elapsed, assuming a 360-day year) on the Estimated Purchase Price at the Prime Rate in effect on the date the Closing Payment is provided from (and including) the Effective Date to (and excluding) the Closing Date.

“Interim Construction Expenditures Adjustment Statement” has the meaning set forth in Section 1.03(a)(ii).

“Knowledge” means the actual knowledge of Lee Hobbs — President and Director; Dean Ferguson — Vice-President and Director; and Eva Neufeld — Assistant Secretary and Chief Compliance Officer and Director.

“Lien” means any lien, pledge, charge, claim, security interest, purchase agreement, option, restriction on transfer or other recorded encumbrance of any nature whatsoever, whether consensual, statutory or otherwise.

“Loss and Expense” has the meaning set forth in Section 6.02.

“Material” means material in relation to the business or operations of Bison LLC, taken as a whole.

“Material Adverse Effect” means any circumstance, change or effect that is materially adverse to the financial condition or results of operations of Bison LLC, taken as a whole, or that impedes or delays the ability of Seller to perform its obligations under this Agreement or to consummate the transactions contemplated hereby, other than (i) any adverse circumstance,

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change, or effect arising from or relating to general business or economic conditions in the industries or markets in which Bison LLC operates not having a materially disproportionate affect on Bison LLC as compared to other participants in such industry or market, including (A) changes in national or regional gathering, pipeline or storage facilities or (B) rules, regulations or decisions of FERC or the courts affecting the natural gas transportation industry as a whole or the natural gas storage industry as a whole, (ii) any adverse circumstance, change or effect arising from weather conditions, including unexpected or harsh weather conditions, (iii) seasonal reductions in revenues or earnings of Bison LLC in the ordinary course of business consistent with past periods, (iv) national or international political, diplomatic or military conditions (including any engagement in hostilities, whether or not pursuant to a declaration of war, or the occurrence of any military or terrorist attack) not disproportionately affecting Bison LLC as compared to other participants in the industries or markets in which Bison LLC operates, (v) changes in GAAP, (vi) changes in Applicable Laws not disproportionately affecting Bison LLC as compared to other participants in the industries or markets in which Bison LLC operates, (vii) the failure of Seller to take any action for which Seller in good faith requests Buyer’s written consent under Section 4.03 and Buyer refuses to provide such consent, (viii) any changes in prices for commodities, goods, or services, or the availability or costs of hedges or other derivatives, including fluctuations in interest rates, (ix) any matter that is expressly disclosed in the Schedules as of the date of execution of this Agreement, and (x) the execution and delivery or announcement of this Agreement. The Parties agree that any determination as to whether a change, effect, event, or occurrence is a Material Adverse Effect shall be made after taking into account and considering all matters relevant to such analysis, including (y) all amounts, if any, recognized by the Person and its Affiliates, as applicable, under insurance or third-party indemnifications or similar agreements, and (z) all Tax Benefits with respect to such change, effect, event, or occurrence.

“Material Agreements” has the meaning set forth in Section 2.18.

“Notifying Party” has the meaning set forth in Section 6.04(a).

“Overlap Period” has the meaning set forth in Section 7.01(a)(ii).

“Party” has the meaning set forth in the preamble.

“Permit” means any permit, license, approval or other authorization required or granted by any Governmental Authority.

“Permitted Encumbrances” means (i) defects, imperfections or irregularities in title (including easements, rights-of-way, covenants, conditions, restrictions, and other matters affecting title to real property) that are not material in character, amount, extent with respect to the asset or assets to which they relate or, together with any other such defects, imperfections or irregularities, in the aggregate; (ii) encumbrances created by or referenced in any of the Material Agreements; (iii) encumbrances, created by Buyer, or their successors and assigns, (iv) Liens for Taxes not yet due and payable, and (v) statutory Liens (including materialmen’s, mechanic’s, repairmen’s, landlord’s and other similar Liens) arising in connection with the ordinary course of business securing payments not yet due and payable.

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“Person” means a person, corporation, partnership, limited liability company, joint venture, trust or other entity or organization.

“Prime Rate” means the prime interest rate reported in The Wall Street Journal.

“Purchase Price” has the meaning set out in Section 1.02.

“Qualifying Claim” has the meaning set forth in Section 6.05(a).

“Reference Amount” means \$127, 987.

“Reputable Insurer” means any financially sound and responsible insurance provider rated “A-X” or better by A.M. Best Company (or if such ratings cease to be published generally for the insurance industry, meeting comparable financial standards then applicable to the insurance industry).

“Request” has the meaning set forth in Section 4.04.

“Securities Act” means the federal Securities Act of 1933, as amended.

“Seller” has the meaning set forth in preamble.

“Seller Indemnified Parties” has the meaning set forth in Section 6.03(a).

“Tax” or “Taxes” means all income, gross receipts, profits, franchise, sales, use, ad valorem, occupation, property (including in lieu-of-taxes), capital, environmental, employment, severance, excise, workers’ compensation, social security, withholding or similar taxes or other governmental fees or charges of a similar nature, however denominated, imposed by any federal, state, local, foreign or other political subdivision taxing authority, whether imposed directly on a person or resulting under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise, and including any interest and penalties (civil or criminal) on or additions to any such taxes or in respect of a failure to comply with any requirement relating to any Tax Return and any expenses incurred in connection with the determination, settlement or litigation of any tax liability.

“Tax Dispute Notice” has the meaning set forth in Section 1.04.

“Tax Matter” has the meaning set forth in Section 7.04(a).

“Tax Return” means any return, report, statement, information or other document including any amendment thereto filed or to be filed or required to be filed or supplied to any federal, state, local or foreign Tax authority or any other government entity with respect to Taxes, including, where permitted or required, combined, consolidated, unitary or any similar returns for any group of entities.

“Third Party Claim” has the meaning set forth in Section 6.04(c).

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“Transaction Agreements” means this Agreement and the Assignment and Assumption Agreement and any documents or certificates to be provided pursuant thereto.

“Transfer Taxes” means any and all transfer Taxes, including sales taxes, use, excise, stock, stamp, documentary, filing, recording, permit, license, authorization, and similar Taxes fees, duties, levies, customs, tariffs, imposts, assessments, obligations and charges.

“Violation” has the meaning set forth in Section 2.03(a).

“Working Capital” means (i) Current Assets, minus (ii) Current Liabilities. For the avoidance of doubt, Working Capital may be a negative number.

“Working Capital Adjustment Statement” means the statement provided pursuant to Section 1.03(a).

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## GUARANTY

This Guaranty ("Guaranty"), dated as of April 26, 2011, is made by TransCanada PipeLine USA Ltd., a Nevada corporation ("Guarantor"), in favor of TC PipeLines Intermediate Limited Partnership, a Delaware limited partnership ("Buyer") and its successors and assigns.

### RECITALS

A. TransCanada American Investments Ltd., ("TAIL") a Delaware corporation ("Seller") is a wholly-owned direct subsidiary of Guarantor.

B Pursuant to a Purchase and Sale Agreement, dated as of April 26, 2011 (the "Purchase Agreement"), between Seller and Buyer, Seller has agreed to sell, and Buyer has agreed to purchase, the GTN Interest (as defined in the Purchase Agreement).

C. Guarantor is familiar with the Purchase Agreement and has determined that the guaranty provided in this Guaranty is necessary or convenient to the conduct, promotion, or attainment of the business of Guarantor, may reasonably be expected to benefit, directly or indirectly, Guarantor, and is in the best interests of Guarantor.

NOW, THEREFORE, in consideration of the premises and as a material inducement to Buyer to enter into the Purchase Agreement, Guarantor hereby agrees as follows:

### ARTICLE I DEFINITIONS AND CONSTRUCTION

1.1 Definitions. Capitalized terms used herein without definition that are defined in the Purchase Agreement and have the respective meanings assigned to such terms in the Purchase Agreement. Additionally, the following terms have the meanings set forth below:

"Buyer" has the meaning set forth in the introductory paragraph of this Guaranty.

"Guaranteed Obligations" means all obligations of Seller of whatsoever nature and howsoever evidenced, due or to become due, now existing or hereafter arising, whether direct or indirect, absolute or contingent, which may arise under, out of or in connection with the Transaction Agreements and any amendment, restatement or modification thereof, up to a maximum amount equal to the Purchase Price.

"Proceeding" means any action or proceeding before any court, arbitrator or Governmental Authority acting in an adjudicative capacity.

"Purchase Agreement" has the meaning set forth in the recitals.

1.2 Construction. The principles of construction set forth in Section 9.12 of the Purchase Agreements are incorporated herein *mutatis mutandis*.

### ARTICLE II GUARANTY

2.1 Guaranty. Guarantor irrevocably and unconditionally guarantees the full, complete and timely payment and performance by Seller of the Guaranteed Obligations.

2.2 Guaranty Unconditional. This Guaranty is a guaranty of payment and performance and not of collection. There are no conditions precedent to the enforcement of this Guaranty. The obligations of Guarantor hereunder shall be continuing, absolute and unconditional and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

- (a) any invalidity, illegality or unenforceability against Seller of any Transaction Agreement;
- (b) any modification, amendment, restatement, waiver or rescission of, or any consent to the departure from, any of the terms of the Transaction Agreements;
- (c) any exercise or non-exercise by Buyer of any right or privilege under any Transaction Agreement and any notice of such exercise or non-exercise;
- (d) any extension, renewal, settlement, compromise, waiver or release in respect of any Guaranteed Obligation, by operation of law or otherwise, or any assignment of any Guaranteed Obligation by a Buyer;
- (e) any change in the corporate existence, structure or ownership of Seller;
- (f) any insolvency, bankruptcy, reorganization or other similar proceeding affecting Seller or its assets or any resulting release or discharge of any Guaranteed Obligation;
- (g) any requirement that Buyer exhaust any right or remedy or take any action against Seller or any other Person before seeking to enforce the obligations of Guarantor under this Guaranty;
- (h) the existence of any defense, set-off or other rights (other than a defense of indefeasible payment and performance in full of the Guaranteed Obligations) that Guarantor may have at any time against Seller, Buyer or any other Person, whether in connection herewith or any unrelated transactions, provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(i) any other act or failure to act or delay of any kind by either Seller, Buyer or any other Person; or

(j) any other circumstance whatsoever that might, but for the provisions of this Section 2.2, constitute a legal or equitable discharge of the Guaranteed Obligations or the obligations of a Guarantor hereunder, including but not limited to all defenses of a surety (except for indefeasible payment and performance in full of the Guaranteed Obligations);

provided that Guarantor may interpose and assert as defense to payment or performance hereunder any defense that Seller is or would have been entitled to arising out of the breach or nonperformance by Buyer of its obligations under the Transaction Agreements.

2.3 **Termination and Reinstatement.** Guarantor's obligations hereunder shall remain in full force and effect for a period of six (6) years from the date hereof. If at any time any payment with respect to the Guaranteed Obligations is rescinded or must be otherwise restored or returned as a result of any fraudulent conveyance or the insolvency, bankruptcy or reorganization of Seller or otherwise, Guarantor's obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had been due but not made at such time.

2.4 **Waivers.** Guarantor irrevocably waives

(a) notice of acceptance of this Guaranty and notice of any obligation or liability to which it may apply;

(b) any diligence, promptness, presentment, demand, performance, protest, demand for payment, notice of non-payment as the same pertains to Seller, suit or the taking of other action by Buyer against, and any other notice to, either Seller, Guarantor or others;

(c) any right to require Buyer to proceed against Seller or to exhaust any security held by Buyer or to pursue any other remedy;

(d) any defense based upon an election of remedies by Buyer, unless the same would excuse performance by a Seller under the Transaction Agreements;

(e) any duty of Buyer to advise Guarantor of any information known to Buyer regarding a Seller or its ability to perform under the Transaction Agreements; and

(f) any right to require a Proceeding against Seller or any right to have Seller joined as a party to any Proceeding to enforce this Guaranty.

2.5 **Subrogation.** Guarantor shall be subrogated to all rights of Buyer against Seller in respect of any amounts paid by Guarantor pursuant to the provisions of this

Guaranty; provided, however, that Guarantor shall not be entitled to enforce or to receive any payments arising out of or based upon such right of subrogation if any Guaranteed Obligations then due have not been satisfied. If any amount is paid to Guarantor on account of subrogation rights under this Guaranty in violation of this Section 2.5, such amount shall be held in trust for the benefit of Buyer and shall be promptly paid to Buyer to be credited and applied to the Guaranteed Obligations, whether matured or unmatured or absolute or contingent, in accordance with the terms of the Transaction Agreements.

### **ARTICLE III GUARANTOR'S REPRESENTATIONS**

Guarantor represents and warrants to Buyer, as of the date hereof and as of the Closing Date, as follows:

3.1 **Existence.** Guarantor is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of formation and has all requisite power to execute and deliver this Guaranty and to perform its obligations hereunder.

3.2 **Due Authorization.** The execution and delivery of this Guaranty and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Guarantor. This Guaranty has been duly executed and delivered by Guarantor and constitutes its legal, valid and binding obligation, enforceable against Guarantor in accordance with its terms, subject to the effect of any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights and remedies generally and to the effect of general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

3.3 **Consents.** All consents, licenses, clearances, authorizations, and approvals of, and registrations and declarations with, any Governmental Authority necessary for the due execution, delivery and performance of this Guaranty have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with, any Governmental Authority is required in connection with the execution, delivery or performance of this Guaranty.

3.4 **No Conflict.** The execution, delivery and performance of this Guaranty by Guarantor does not, and the consummation of the transactions contemplated hereby will not,

(i) result in a breach of the Articles of Incorporation or bylaws of Guarantor or any resolution adopted by its Board of Directors;

(ii) result in, or constitute an event that, with the passage of time or giving of notice or both, would be, a breach, violation or default (or give rise to any right of termination, cancellation, prepayment or acceleration) under any agreement to which Guarantor is a party or by which its properties or assets may be bound that could reasonably be expected to materially adversely affect the ability of Guarantor to perform its obligations under this Guaranty; or

(iii) violate any Applicable Law binding upon Guarantor or its assets or properties.

3.5 Litigation. There is no Proceeding pending against Guarantor or any of its subsidiaries, or to the knowledge of Guarantor threatened against Guarantor or any of its subsidiaries, in which there is a reasonable possibility of an adverse decision that could reasonably be expected to materially adversely affect the ability of Guarantor to perform its obligations under this Guaranty or which in any manner draws into question the validity of this Guaranty.

**ARTICLE IV**  
**OTHER PROVISIONS**

4.1 Notices. All notices, requests, demands, and other communications required or permitted to be given or made hereunder by Guarantor or Buyer (each a "Notice") shall be in writing and shall be deemed to have been duly given or made if (i) delivered personally, (ii) transmitted by first class registered or certified mail, postage prepaid, return receipt requested, (iii) delivered by prepaid overnight courier service, or (iv) delivered by confirmed telecopy or facsimile transmission at the following addresses (or at such other addresses as shall be specified by similar notice):

If to Buyer to:

TC PipeLines Intermediate Limited Partnership  
c/o TC PipeLines GP, Inc.  
450 — 1<sup>st</sup> Street, S.W.  
Calgary, Alberta  
Canada  
T2P 5H1  
Attention: Secretary  
Fax: (403) 920-2460

with a copy (which shall not constitute notice) to:

Alan Talkington, Esq.  
Orrick, Herrington & Sutcliffe LLP  
405 Howard Street  
San Francisco, CA 94105

If to Guarantor:

TransCanada PipeLines USA Ltd.  
717 Texas Street, 26<sup>th</sup> Floor  
Houston, TX 77002-2761  
Attention: Jon A. Dobson  
Corporate Secretary  
Fax: (832)320-6201

with a copy to:

TransCanada Corporation  
450 — 1<sup>st</sup> Street S.W.  
Calgary, Alberta T2P 5H1  
Attention: Garry Lamb  
Vice-President, Risk Management  
Fax: (403) 920-2359

Mayer, Brown, Rowe & Maw LLP  
71 South Wacker Drive  
Chicago, IL 60606  
Attention: D. Michael Murray  
Fax: (312) 701-7711

Notices shall be effective (i) if delivered personally or sent by courier service, upon actual receipt by the intended recipient, (ii) if mailed, upon the earlier of five days after deposit in the mail or the date of delivery as shown by the return receipt therefor, or (iii) if sent by telecopy or facsimile transmission, when the answer back is received.

4.2 Entire Agreement. This Guaranty constitutes the entire agreement between Guarantor and Buyer with respect to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, between them with respect to the subject matter hereof. There are no restrictions, promises, representations, warranties, covenants or undertakings between Guarantor and Buyer other than those expressly set forth or referred to herein.

4.3 Binding Effect; Assignment; No Third Party Benefit. Subject to the following sentence, this Guaranty shall be binding upon Guarantor and its successors and assigns and shall inure to the benefit of Buyer and its successors and assigns. Neither this Guaranty nor any of the rights, interests, or obligations hereunder shall be assigned or delegated by a party without the prior written consent of the other party. Except as provided herein, nothing in this Guaranty is intended to or shall confer upon any Person other than the parties, and their successors and assigns, any rights, benefits, or remedies of any nature whatsoever under or by reason of this Guaranty.



4.4 Severability. If any provision of this Guaranty is held to be unenforceable, this Guaranty shall be considered divisible and such provision shall be deemed inoperative to the extent it is deemed unenforceable, and in all other respects this Guaranty shall remain in full force and effect.

4.5 Governing Law. This Guaranty shall be governed by and construed and enforced in accordance with the laws of the State of New York, without regard to its conflicts of laws rules or principles.

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4.6 Counterparts. This Guaranty may be executed by the parties in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement. Such execution may be evidenced by an exchange of facsimile communications or any other rapid transmission devise designed to produce a written record of communications transmitted.

4.7 Consent to Jurisdiction. The parties hereby irrevocably submit to the jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in The Borough of Manhattan, New York, New York, over any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby, and each party irrevocably agrees that all claims in respect of such dispute or proceeding shall be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by Applicable Law, any objection which they may now or hereafter have to the venue of any dispute arising out of or relating to this Guaranty or any of the transactions contemplated hereby brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each party agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law.

4.8 Amendment and Waiver. No amendment or waiver of any provision of this Guaranty, nor consent to any departure by Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by Guarantor and Buyer. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

4.9 No Implied Waiver. No failure or delay in exercising any right, power or privilege or requiring the satisfaction of any condition hereunder, and no course of dealing between Guarantor and Buyer operates as a waiver or estoppel of any right, remedy or condition. No single or partial exercise of any right or remedy under this Guaranty precludes any simultaneous or subsequent exercise of any other right, power or privilege. The rights and remedies set forth in this Guaranty are not exclusive of, but are cumulative to, any rights or remedies now or subsequently existing at law, in equity or by statute.

4.10 Expenses. Guarantor shall indemnify Buyer for any and all costs and expenses (including reasonable attorneys' fees and expenses) incurred by Buyer in the successful enforcement of any rights under this Guaranty.

**[Signatures on Following Page]**

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IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

**TRANSCANADA PIPELINE USA LTD.**

By: /s/ Lauri Newton  
Name: Lauri Newton  
Title: Assistant Secretary

By: /s/ Jon A. Dobson  
Name: Jon A. Dobson  
Title: Corporate Secretary

[Signature Page to Guaranty]

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## GUARANTY

This Guaranty (“Guaranty”), dated as of April 26, 2011, is made by TransCanada PipeLine USA Ltd., a Nevada corporation (“Guarantor”), in favor of TC PipeLines Intermediate Limited Partnership, a Delaware limited partnership (“Buyer”) and its successors and assigns.

### RECITALS

A. TC Continental Pipeline Holdings Inc., a Delaware corporation (“Seller”) is a wholly-owned direct subsidiary of Guarantor.

B Pursuant to a Purchase and Sale Agreement, dated as of April 26, 2011 (the “Purchase Agreement”), between Seller and Buyer, Seller has agreed to sell, and Buyer has agreed to purchase, the Bison Interest (as defined in the Purchase Agreement).

C. Guarantor is familiar with the Purchase Agreement and has determined that the guaranty provided in this Guaranty is necessary or convenient to the conduct, promotion, or attainment of the business of Guarantor, may reasonably be expected to benefit, directly or indirectly, Guarantor, and is in the best interests of Guarantor.

NOW, THEREFORE, in consideration of the premises and as a material inducement to Buyer to enter into the Purchase Agreement, Guarantor hereby agrees as follows:

### ARTICLE I DEFINITIONS AND CONSTRUCTION

1.1 Definitions. Capitalized terms used herein without definition that are defined in the Purchase Agreement and have the respective meanings assigned to such terms in the Purchase Agreement. Additionally, the following terms have the meanings set forth below:

“Buyer” has the meaning set forth in the introductory paragraph of this Guaranty.

“Guaranteed Obligations” means all obligations of Seller of whatsoever nature and howsoever evidenced, due or to become due, now existing or hereafter arising, whether direct or indirect, absolute or contingent, which may arise under, out of or in connection with the Transaction Agreements and any amendment, restatement or modification thereof, up to a maximum amount equal to the Purchase Price.

“Proceeding” means any action or proceeding before any court, arbitrator or Governmental Authority acting in an adjudicative capacity.

“Purchase Agreement” has the meaning set forth in the recitals.

1.2 Construction. The principles of construction set forth in Section 9.12 of the Purchase Agreements are incorporated herein *mutatis mutandis*.

### ARTICLE II GUARANTY

2.1 Guaranty. Guarantor irrevocably and unconditionally guarantees the full, complete and timely payment and performance by Seller of the Guaranteed Obligations.

2.2 Guaranty Unconditional. This Guaranty is a guaranty of payment and performance and not of collection. There are no conditions precedent to the enforcement of this Guaranty. The obligations of Guarantor hereunder shall be continuing, absolute and unconditional and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

- (a) any invalidity, illegality or unenforceability against Seller of any Transaction Agreement;
- (b) any modification, amendment, restatement, waiver or rescission of, or any consent to the departure from, any of the terms of the Transaction Agreements;
- (c) any exercise or non-exercise by Buyer of any right or privilege under any Transaction Agreement and any notice of such exercise or non-exercise;
- (d) any extension, renewal, settlement, compromise, waiver or release in respect of any Guaranteed Obligation, by operation of law or otherwise, or any assignment of any Guaranteed Obligation by a Buyer;
- (e) any change in the corporate existence, structure or ownership of Seller;
- (f) any insolvency, bankruptcy, reorganization or other similar proceeding affecting Seller or its assets or any resulting release or discharge of any Guaranteed Obligation;
- (g) any requirement that Buyer exhaust any right or remedy or take any action against Seller or any other Person before seeking to enforce the obligations of Guarantor under this Guaranty;
- (h) the existence of any defense, set-off or other rights (other than a defense of indefeasible payment and performance in full of the Guaranteed Obligations) that Guarantor may have at any time against Seller, Buyer or any other Person, whether in connection herewith or any unrelated transactions, provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(i) any other act or failure to act or delay of any kind by either Seller, Buyer or any other Person; or

(j) any other circumstance whatsoever that might, but for the provisions of this Section 2.2, constitute a legal or equitable discharge of the Guaranteed Obligations or the obligations of a Guarantor hereunder, including but not limited to all defenses of a surety (except for indefeasible payment and performance in full of the Guaranteed Obligations);

provided that Guarantor may interpose and assert as defense to payment or performance hereunder any defense that Seller is or would have been entitled to arising out of the breach or nonperformance by Buyer of its obligations under the Transaction Agreements.

2.3 **Termination and Reinstatement.** Guarantor's obligations hereunder shall remain in full force and effect for a period of six (6) years from the date hereof. If at any time any payment with respect to the Guaranteed Obligations is rescinded or must be otherwise restored or returned as a result of any fraudulent conveyance or the insolvency, bankruptcy or reorganization of Seller or otherwise, Guarantor's obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had been due but not made at such time.

2.4 **Waivers.** Guarantor irrevocably waives

(a) notice of acceptance of this Guaranty and notice of any obligation or liability to which it may apply;

(b) any diligence, promptness, presentment, demand, performance, protest, demand for payment, notice of non-payment as the same pertains to Seller, suit or the taking of other action by Buyer against, and any other notice to, either Seller, Guarantor or others;

(c) any right to require Buyer to proceed against Seller or to exhaust any security held by Buyer or to pursue any other remedy;

(d) any defense based upon an election of remedies by Buyer, unless the same would excuse performance by a Seller under the Transaction Agreements;

(e) any duty of Buyer to advise Guarantor of any information known to Buyer regarding a Seller or its ability to perform under the Transaction Agreements; and

(f) any right to require a Proceeding against Seller or any right to have Seller joined as a party to any Proceeding to enforce this Guaranty.

2.5 **Subrogation.** Guarantor shall be subrogated to all rights of Buyer against Seller in respect of any amounts paid by Guarantor pursuant to the provisions of this

Guaranty; provided, however, that Guarantor shall not be entitled to enforce or to receive any payments arising out of or based upon such right of subrogation if any Guaranteed Obligations then due have not been satisfied. If any amount is paid to Guarantor on account of subrogation rights under this Guaranty in violation of this Section 2.5, such amount shall be held in trust for the benefit of Buyer and shall be promptly paid to Buyer to be credited and applied to the Guaranteed Obligations, whether matured or unmatured or absolute or contingent, in accordance with the terms of the Transaction Agreements.

### **ARTICLE III GUARANTOR'S REPRESENTATIONS**

Guarantor represents and warrants to Buyer, as of the date hereof and as of the Closing Date, as follows:

3.1 **Existence.** Guarantor is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of formation and has all requisite power to execute and deliver this Guaranty and to perform its obligations hereunder.

3.2 **Due Authorization.** The execution and delivery of this Guaranty and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Guarantor. This Guaranty has been duly executed and delivered by Guarantor and constitutes its legal, valid and binding obligation, enforceable against Guarantor in accordance with its terms, subject to the effect of any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights and remedies generally and to the effect of general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

3.3 **Consents.** All consents, licenses, clearances, authorizations, and approvals of, and registrations and declarations with, any Governmental Authority necessary for the due execution, delivery and performance of this Guaranty have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with, any Governmental Authority is required in connection with the execution, delivery or performance of this Guaranty.

3.4 **No Conflict.** The execution, delivery and performance of this Guaranty by Guarantor does not, and the consummation of the transactions contemplated hereby will not,

(i) result in a breach of the Articles of Incorporation or bylaws of Guarantor or any resolution adopted by its Board of Directors;

(ii) result in, or constitute an event that, with the passage of time or giving of notice or both, would be, a breach, violation or default (or give rise to any right of termination, cancellation, prepayment or acceleration) under any agreement to which Guarantor is a party or by which its properties or assets may be bound that could reasonably be expected to materially adversely affect the ability of Guarantor to perform its obligations under this Guaranty; or

(iii) violate any Applicable Law binding upon Guarantor or its assets or properties.

3.5 Litigation. There is no Proceeding pending against Guarantor or any of its subsidiaries, or to the knowledge of Guarantor threatened against Guarantor or any of its subsidiaries, in which there is a reasonable possibility of an adverse decision that could reasonably be expected to materially adversely affect the ability of Guarantor to perform its obligations under this Guaranty or which in any manner draws into question the validity of this Guaranty.

**ARTICLE IV**  
**OTHER PROVISIONS**

4.1 Notices. All notices, requests, demands, and other communications required or permitted to be given or made hereunder by Guarantor or Buyer (each a "Notice") shall be in writing and shall be deemed to have been duly given or made if (i) delivered personally, (ii) transmitted by first class registered or certified mail, postage prepaid, return receipt requested, (iii) delivered by prepaid overnight courier service, or (iv) delivered by confirmed telecopy or facsimile transmission at the following addresses (or at such other addresses as shall be specified by similar notice):

If to Buyer to:

TC PipeLines Intermediate Limited Partnership  
c/o TC PipeLines GP, Inc.  
450 — 1<sup>st</sup> Street, S.W.  
Calgary, Alberta  
Canada  
T2P 5H1  
Attention: Secretary  
Fax: (403) 920-2460

with a copy (which shall not constitute notice) to:

Alan Talkington, Esq.  
Orrick, Herrington & Sutcliffe LLP  
405 Howard Street  
San Francisco, CA 94105

If to Guarantor:

TransCanada PipeLines USA Ltd.  
717 Texas Street, 26<sup>th</sup> Floor  
Houston, TX 77002-2761  
Attention: Jon A. Dobson  
Corporate Secretary  
Fax: (832)320-6201

with a copy to:

TransCanada Corporation  
450 — 1<sup>st</sup> Street S.W.  
Calgary, Alberta T2P 5H1  
Attention: Garry Lamb  
Vice-President, Risk Management  
Fax: (403) 920-2359

Mayer, Brown, Rowe & Maw LLP  
71 South Wacker Drive  
Chicago, IL 60606  
Attention: D. Michael Murray  
Fax: (312) 701-7711

Notices shall be effective (i) if delivered personally or sent by courier service, upon actual receipt by the intended recipient, (ii) if mailed, upon the earlier of five days after deposit in the mail or the date of delivery as shown by the return receipt therefor, or (iii) if sent by telecopy or facsimile transmission, when the answer back is received.

4.2 Entire Agreement. This Guaranty constitutes the entire agreement between Guarantor and Buyer with respect to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, between them with respect to the subject matter hereof. There are no restrictions, promises, representations, warranties, covenants or undertakings between Guarantor and Buyer other than those expressly set forth or referred to herein.

4.3 Binding Effect; Assignment; No Third Party Benefit. Subject to the following sentence, this Guaranty shall be binding upon Guarantor and its successors and assigns and shall inure to the benefit of Buyer and its successors and assigns. Neither this Guaranty nor any of the rights, interests, or obligations hereunder shall be assigned or delegated by a party without the prior written consent of the other party. Except as provided herein, nothing in this Guaranty is intended to or shall confer upon any Person other than the parties, and their successors and assigns, any rights, benefits, or remedies of any nature whatsoever under or by reason of this Guaranty.

4.4 Severability. If any provision of this Guaranty is held to be unenforceable, this Guaranty shall be considered divisible and such provision shall be deemed inoperative to the extent it is deemed unenforceable, and in all other respects this Guaranty shall remain in full force and effect.

4.5 Governing Law. This Guaranty shall be governed by and construed and enforced in accordance with the laws of the State of New York, without regard to its conflicts of laws rules or principles.

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4.6 Counterparts. This Guaranty may be executed by the parties in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement. Such execution may be evidenced by an exchange of facsimile communications or any other rapid transmission devise designed to produce a written record of communications transmitted.

4.7 Consent to Jurisdiction. The parties hereby irrevocably submit to the jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in The Borough of Manhattan, New York, New York, over any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby, and each party irrevocably agrees that all claims in respect of such dispute or proceeding shall be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by Applicable Law, any objection which they may now or hereafter have to the venue of any dispute arising out of or relating to this Guaranty or any of the transactions contemplated hereby brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each party agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law.

4.8 Amendment and Waiver. No amendment or waiver of any provision of this Guaranty, nor consent to any departure by Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by Guarantor and Buyer. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

4.9 No Implied Waiver. No failure or delay in exercising any right, power or privilege or requiring the satisfaction of any condition hereunder, and no course of dealing between Guarantor and Buyer operates as a waiver or estoppel of any right, remedy or condition. No single or partial exercise of any right or remedy under this Guaranty precludes any simultaneous or subsequent exercise of any other right, power or privilege. The rights and remedies set forth in this Guaranty are not exclusive of, but are cumulative to, any rights or remedies now or subsequently existing at law, in equity or by statute.

4.10 Expenses. Guarantor shall indemnify Buyer for any and all costs and expenses (including reasonable attorneys' fees and expenses) incurred by Buyer in the successful enforcement of any rights under this Guaranty.

**[Signatures on Following Page]**

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IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

**TRANSCANADA PIPELINE USA LTD.**

By: /s/ Lauri Newton  
Name: Lauri Newton  
Title: Assistant Secretary

By: /s/ Jon A. Dobson  
Name: Jon A. Dobson  
Title: Corporate Secretary

[Signature Page to Guaranty]

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# NewsRelease

## TC PipeLines, LP to Acquire 25% Interest in GTN and Bison from TransCanada

OMAHA, Nebraska — **April 26, 2011** — TC PipeLines, LP (NASDAQ: TCLP) (the Partnership) today announced it has entered into agreements to acquire a 25 percent interest in both Gas Transmission Northwest LLC (GTN) and Bison Pipeline LLC (Bison) from TransCanada Corporation (TSX, NYSE: TRP) (TransCanada) for an aggregate purchase price of \$605 million, which includes \$81 million or 25 percent of GTN's debt. The acquisition is expected to be immediately accretive to Partnership cash flows and earnings.

"This acquisition represents a significant expansion of our natural gas pipeline business," said Steve Becker, president of TC PipeLines GP, Inc. "We view this acquisition as a great investment opportunity that will be positive for the Partnership and our unitholders. Both GTN and Bison have long-term contracts in place and they also help to diversify the Partnership's overall pipeline portfolio in terms of both markets and natural gas supply basins.

"GTN is a critical piece of infrastructure which serves the California and Pacific Northwest markets," added Becker. "GTN has a desirable customer mix consisting primarily of local distribution companies and producers who have long term contracts for a significant portion of the pipeline's capacity. We are confident GTN will play an integral role in supplying gas to these markets for the foreseeable future."

The GTN pipeline system is a 1,353 mile natural gas transmission system that transports Western Canada Sedimentary Basin and Rocky Mountain-sourced natural gas to third party natural gas pipelines and markets in Washington, Oregon and California, and connects with the Partnership's Tuscarora pipeline system. GTN has a design capacity of 2.9 billion cubic feet per day (bcf/d) and is supported by long-term contracts for 1.5 billion cubic feet per day that mature between 2015 and 2028.

"An interest in Bison offers our unitholders sustainable cash flows and earnings that are underpinned by long-term contracts and diversifies our pipelines' sources of natural gas by accessing a new supply basin," continued Becker. "Bison is strategic to our investment in Northern Border as it provides access to another source of supply flowing under long-term firm."

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Bison is a new 303 mile natural gas pipeline connecting Rocky Mountain gas supply to downstream markets via the Northern Border pipeline system. The pipeline was constructed in 2010 and placed into service in January 2011. Shippers have contracts for 0.4 bcf/d on both Bison and Northern Border that expire in 2021. The Partnership has a 50 percent ownership interest in Northern Border.

"We look forward to continue being an attractive financing option for TransCanada's future capital requirements which enables the Partnership to grow," concluded Becker. "TC PipeLines will have interests in six FERC regulated interstate natural gas pipelines after adding GTN and Bison. Both pipelines are already connected to our existing asset base and will help to position us well for future growth."

The Partnership plans to initially fund the acquisition through a \$400 million bridge loan facility and the balance drawn from its \$250 million senior revolving credit facility. The transaction is expected to close in May 2011 and is subject to certain closing conditions.

Longer term financing for the transaction is expected to include both debt and equity in a manner that enables the Partnership to maintain its strong financial position.

The terms of the transaction were unanimously approved by the Board of Directors of the general partner, based on unanimous approval and recommendation of the Board's conflicts committee, which is comprised entirely of independent directors. The conflicts committee engaged Citi to act as its financial advisor, Orrick, Herrington & Sutcliffe LLP as its legal counsel, and Wood Mackenzie as its natural gas market outlook advisor.

Steve Becker will discuss the details of the acquisition in conjunction with the Partnership's quarterly conference call scheduled for Wednesday, April 27, 2011 at 11:00 a.m. central daylight time (CDT) / 12:00 p.m. eastern daylight time (EDT).

TC PipeLines, LP has interests in over 3,900 miles of federally regulated U.S. interstate natural gas pipelines which serve markets across the United States and Eastern Canada. This includes significant interests in Great Lakes Gas Transmission Limited Partnership and Northern Border Pipeline Company as well as 100 percent ownership of North Baja Pipeline, LLC and Tuscarora Gas Transmission Company. TC PipeLines, LP is managed by its general partner, TC PipeLines GP, Inc., an indirect wholly owned subsidiary of TransCanada Corporation. TC PipeLines GP, Inc. also holds common units of TC PipeLines, LP. Common

units of TC PipeLines, LP are quoted on the NASDAQ Global Select Market and trade under the symbol "TCLP." For more information about TC PipeLines, LP, visit the Partnership's website at [www.tcpipelineslp.com](http://www.tcpipelineslp.com).

### Cautionary Statement Regarding Forward-Looking Information

This news release may include "forward-looking statements" regarding future events and the future financial performance of TC PipeLines, LP. All statements other than statements of historical fact included or incorporated herein may constitute forward-looking statements. Words such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "forecast," "project," "may," "plan," "strategy," and similar expressions identify forward-looking statements. All forward-looking statements are based on the Partnership's current beliefs as well as assumptions made by and information currently available to the Partnership. These statements reflect the Partnership's current views with respect to future events and are not guarantees of performance. Actual results may differ materially from those expressed or implied in these forward-looking statements

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and are subject to a number of risks and uncertainties. Important factors that could cause actual results to materially differ from the Partnership's current expectations include the demand for Great Lakes and Northern Border transportation in the future; the risk of a prolonged slowdown in growth or decline in the U.S. economy or the risk of delay in growth recovery in the U.S. economy; regulatory decisions, particularly those of the FERC; the ability of Great Lakes and Northern Border to recontract their available capacity on competitive terms; the Partnership's ability to identify and/or consummate accretive growth opportunities from TransCanada Corporation or others; the ability to access capital and credit markets with competitive rates and terms; operational decisions of the operator of our pipeline systems; the failure of a shipper on any one of the Partnership's pipelines to perform its contractual obligations; supply of natural gas in the Western Canada Sedimentary Basin and in competing basins, such as the Rocky Mountains; future demand for natural gas; overcapacity in the industry; success of other pipelines competing with Northern Border and Great Lakes by bringing competing U.S.-sourced gas to Northern Border's and Great Lakes' markets; and other risks inherent in the transportation of natural gas as discussed in the Partnership's filings with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the most recently completed fiscal year and its subsequently filed Quarterly Reports on Form 10-Q. These filings are available to the public over the Internet at the SEC's website ([www.sec.gov](http://www.sec.gov)) and via the Partnership's website ([www.tcpipelineslp.com](http://www.tcpipelineslp.com)). The Partnership disclaims any intention or obligation to update publicly or revise any such forward-looking statements, whether as a result of new information, future events or otherwise, occurring after the date hereof.

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