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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2017

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-35358

TC PipeLines, LP

(Exact name of registrant as specified in its charter)

Delaware	**52-2135448**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
700 Louisiana Street, Suite 700 Houston, Texas	**77002-2761**
(Address of principle executive offices)	(Zip code)

877-290-2772

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o	Smaller reporting company o
(Do not check if a smaller reporting company)	
Emerging growth company o	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

As of August 1, 2017, there were 69,388,212 of the registrant's common units outstanding.

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TC PIPELINES, LP

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All amounts are stated in United States dollars unless otherwise indicated.

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DEFINITIONS

The abbreviations, acronyms, and industry terminology used in this quarterly report are defined as follows:

2013 Term Loan Facility	TC PipeLines, LP's term loan credit facility under a term loan agreement dated July 1, 2013
2015 GTN Acquisition	Partnership's acquisition of the remaining 30 percent interest in GTN on April 1, 2015
2015 Term Loan Facility	TC PipeLines, LP's term loan credit facility under a term loan agreement dated September 30, 2015
2016 PNGTS Acquisition	Partnership's acquisition of a 49.9 percent interest in PNGTS, effective January 1, 2016
2017 Acquisition	Partnership's acquisition of the additional 11.81 percent interest in PNGTS and 49.34 percent in Iroquois on June 1, 2017
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM program	At-the-market equity issuance program
Bison	Bison Pipeline LLC
Consolidated Subsidiaries	GTN, Bison, North Baja, Tuscarora and PNGTS
DOT	U.S. Department of Transportation
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EPA	U.S. Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	U.S. generally accepted accounting principles
General Partner	TC PipeLines GP, Inc.
Great Lakes	Great Lakes Gas Transmission Limited Partnership
GTN	Gas Transmission Northwest LLC
IDRs	Incentive Distribution Rights
ILPs	Intermediate Limited Partnerships
Iroquois	Iroquois Gas Transmission System, L.P.
LIBOR	London Interbank Offered Rate
NGA	Natural Gas Act of 1938
North Baja	North Baja Pipeline, LLC
Northern Border	Northern Border Pipeline Company
Our pipeline systems	Our ownership interests in GTN, Northern Border, Bison, Great Lakes, North Baja, Tuscarora, and PNGTS
Partnership	TC PipeLines, LP including its subsidiaries, as applicable
Partnership Agreement	Third Amended and Restated Agreement of Limited Partnership of the Partnership
PHMSA	U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration
PNGTS	Portland Natural Gas Transmission System
SEC	Securities and Exchange Commission
Senior Credit Facility	TC PipeLines, LP's senior facility under revolving credit agreement as amended and restated, dated November 10, 2016
TransCanada	TransCanada Corporation and its subsidiaries
Tuscarora	Tuscarora Gas Transmission Company
U.S.	United States of America
VIEs	Variable Interest Entities

Unless the context clearly indicates otherwise, TC PipeLines, LP and its subsidiaries are collectively referred to in this quarterly report as "we," "us," "our" and "the Partnership." We use "our pipeline systems" and "our pipelines" when referring to the Partnership's ownership interests in Gas Transmission Northwest LLC (GTN), Northern Border Pipeline Company (Northern Border), Bison Pipeline LLC (Bison), Great Lakes Gas Transmission Limited Partnership (Great Lakes), North Baja Pipeline, LLC (North Baja), Tuscarora Gas Transmission Company (Tuscarora), Portland Natural Gas Transmission System (PNGTS) and effective June 1, 2017, Iroquois Gas Transmission System, LP (Iroquois).

PART I

FORWARD-LOOKING STATEMENTS AND CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This report includes certain forward-looking statements .Forward-looking statements are identified by words and phrases such as: “anticipate,” “assume, “ “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “forecast,” “should,” “predict,” “could,” “will,” “may,” and other terms and expressions of similar meaning. The absence of these words, however, does not mean that the statements are not forward-looking. These statements are based on management’s beliefs and assumptions and on currently available information and include, but are not limited to, statements regarding anticipated financial performance, future capital expenditures, liquidity, market or competitive conditions, regulations, organic or strategic growth opportunities, contract renewals and ability to market open capacity, business prospects, outcome of regulatory proceedings and cash distributions to unitholders.

Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the results predicted. Factors that could cause actual results and our financial condition to differ materially from those contemplated in forward-looking statements include, but are not limited to:

- the ability of our pipeline systems to sell available capacity on favorable terms and renew expiring contracts which are affected by, among other factors:
  - demand for natural gas;
  - changes in relative cost structures and production levels of natural gas producing basins;
  - natural gas prices and regional differences;
  - weather conditions;
  - availability and location of natural gas supplies in Canada and the United States (U.S.) in relation to our pipeline systems;
  - competition from other pipeline systems;
  - natural gas storage levels; and
  - rates and terms of service;
- the performance by the shippers of their contractual obligations on our pipeline systems;
- the outcome and frequency of rate proceedings or settlement negotiations on our pipeline systems;
- changes in the taxation of master limited partnerships by state or federal governments such as final adoption of proposed regulations narrowing the sources of income qualifying for partnership tax treatment or the elimination of pass-through taxation or tax deferred distributions;
- increases in operational or compliance costs resulting from changes in laws and governmental regulations affecting our pipeline systems, particularly regulations issued by the Federal Energy Regulatory Commission (FERC), the U.S. Environmental Protection Agency (EPA) and U.S. Department of Transportation (DOT);
- the impact of downward changes in oil and natural gas prices, including the effects on the creditworthiness of our shippers;
- our ongoing ability to grow distributions through acquisitions, accretive expansions or other growth opportunities, including the timing, terms and closure of future potential acquisitions;
- potential conflicts of interest between TC PipeLines GP, Inc., our general partner (General Partner), TransCanada and us;
- the impact of any impairment charges;
- cybersecurity threats, acts of terrorism and related disruptions;
  the impact of new accounting pronouncements;
  operating hazards, casualty losses and other matters beyond our control; and
- the level our indebtedness, including the indebtedness of our pipeline systems, and the availability of capital.

These are not the only factors that could cause actual results to differ materially from those expressed or implied in any forward-looking statement. Other factors described elsewhere in this document, or factors that are unknown or unpredictable, could also have material adverse effects on future results. These and other risks are described in greater detail in Part I, Item 1A. “Risk Factors”of our Annual Report on Form 10-K for the year ended December 31, 2016 as filed with the SEC on February 28, 2017. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. All forward-looking statements are made only as of the

date made and except as required by applicable law, we undertake no obligation to update any forward-looking statements to reflect new information, subsequent events or other changes.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

TC PIPELINES, LP
CONSOLIDATED STATEMENTS OF INCOME

(unaudited) (millions of dollars, except per common unit amounts)	Three months ended June 30, 2017	Three months ended June 30, 2016 [a]	Six months ended June 30, 2017	Six months ended June 30, 2016 [a]
Transmission revenues	**101**	101	**213**	212
Equity earnings *(Note 4)*	**24**	20	**60**	53

Operation and maintenance expenses	**(17)**	(14)	**(31)**	(25)
Property taxes	**(7)**	(7)	**(14)**	(14)
General and administrative	**(2)**	(2)	**(4)**	(4)
Depreciation	**(25)**	(24)	**(49)**	(48)
Financial charges and other *(Note 14)*	**(19)**	(17)	**(36)**	(35)
Net income before taxes	**55**	57	**139**	139
Income taxes *(Note 18)*	**—**	—	**(1)**	(1)
Net income	**55**	57	**138**	138
Net income attributable to non-controlling interests	**—**	2	**6**	8
Net income attributable to controlling interests	**55**	55	**132**	130
Net income attributable to controlling interest allocation *(Note 8)*				
Common units	**50**	50	**122**	121
General Partner	**5**	3	**8**	5
TransCanada and its subsidiaries	**—**	2	**2**	4
	55	55	**132**	130
Net income per common unit *(Note 8)* — basic and diluted	**$ 0.73**	$ 0.76[b]	**$ 1.78**	$ 1.86[b]
Weighted average common units outstanding — basic and diluted *(millions)*	**68.9**	65.5	**68.6**	64.9
Common units outstanding, end of period *(millions)*	**69.0**	65.9	**69.0**	65.9

[a] Recast to consolidate PNGTS for all periods presented (Refer to Notes 2 and 6).
[b] Net income per common unit prior to recast (Refer to Note 2).

The accompanying notes are an integral part of these consolidated financial statements.

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TC PIPELINES, LP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited) (millions of dollars)	**Three months ended June 30,**		**Six months ended June 30,**	
	2017	**2016[a]**	**2017**	**2016[a]**
Net income	**55**	57	**138**	138
Other comprehensive income				
Change in fair value of cash flow hedges *(Note 12)*	**—**	(1)	**1**	(3)
Amortization of realized loss on derivative financial instruments *(Note 12)*	**1**	1	**1**	1
Reclassification to net income of gains and losses on cash flow hedges *(Note 12)*	**(1)**	—	**(1)**	—
Comprehensive income	**55**	57	**139**	136
Comprehensive income attributable to non-controlling interests [a]	**—**	2	**6**	8
Comprehensive income attributable to controlling interests	**55**	55	**133**	128

[a] Recast to consolidate PNGTS for all periods presented (Refer to Notes 2 and 6).

The accompanying notes are an integral part of these consolidated financial statements.

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TC PIPELINES, LP
CONSOLIDATED BALANCE SHEETS

(unaudited) (millions of dollars)	**June 30, 2017**	**December 31, 2016 [a]**
ASSETS		
Current Assets		

Cash and cash equivalents	**51**	64
Accounts receivable and other *(Note 13)*	**37**	47
Inventories	**7**	7
Other	**5**	7
	100	125
Equity investments *(Note 4)*	**1,138**	918
Plant, property and equipment		
(Net of $1,135 accumulated depreciation; 2016 - $1,088)	**2,148**	2,180
Goodwill	**130**	130
Other assets	**—**	1
	3,516	3,354
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	**27**	29
Accounts payable to affiliates *(Note 6 and 11)*	**35**	8
Distribution payable	**—**	3
Accrued interest	**11**	10
Current portion of long-term debt *(Note 5)*	**57**	52
	130	102
Long-term debt, net *(Note 5)*	**2,333**	1,859
Deferred state income taxes *(Note 18)*	**10**	10
Other liabilities	**28**	28
	2,501	1,999
Common units subject to rescission *(Note 7)*	**—**	83
Partners' Equity		
Common units	**795**	1,002
Class B units *(Note 7)*	**95**	117
General partner	**25**	27
Accumulated other comprehensive loss	**(1)**	(2)
Controlling interests	**914**	1,144
Non-controlling interests	**101**	97
Equity of former parent of PNGTS	**—**	31
	1,015	1,272
	3,516	3,354
Contingencies *(Note 15)*		
Variable Interest Entities *(Note 17)*		
Subsequent Events *(Note 19)*		

[a] Recast to consolidate PNGTS for all periods presented (Refer to Notes 2 and 6).

The accompanying notes are an integral part of these consolidated financial statements.

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TC PIPELINES, LP
CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited) (millions of dollars)	Six months ended June 30, 2017	2016 [a]
Cash Generated From Operations		
Net income	**138**	138
Depreciation	**49**	48
Amortization of debt issue costs reported as interest expense	**1**	1
Amortization of realized loss on derivative instrument	**1**	1
Accrual for costs related to the 2017 Acquisition	**1**	—
Deferred state income tax recovery *(Note 18)*	**—**	(7)
Equity earnings from equity investments *(Notes 3 and 4)*	**(60)**	(53)
Distributions received from operating activities of equity investments *(Note 3)*	**68**	95
Change in operating working capital *(Note 10)*	**7**	12
	205	235
Investing Activities		
Investment in Great Lakes	**(4)**	(4)
Acquisition of a 49.9 percent interest in PNGTS	**—**	(193)
Acquisition of a 49.34 percent in Iroquois and an additional 11.81 percent in PNGTS (Note 6)	**(605)**	—

Capital expenditures	**(16)**	(18)
Other	**—**	2
	(625)	(213)
Financing Activities		
Distributions paid *(Note 9)*	**(135)**	(119)
Distributions paid to Class B units *(Note 7)*	**(22)**	(12)
Distributions paid to non-controlling interests	**(5)**	(9)
Distributions paid to former parent of PNGTS	**(1)**	(8)
Common unit issuance, net *(Note 7)*	**92**	—
Common unit issuance subject to rescission, net *(Note 7)*	**—**	83
Long-term debt issued, net of discount *(Note 5)*	**607**	205
Long-term debt repaid *(Note 5)*	**(128)**	(165)
Debt issuance costs	**(1)**	—
	407	(25)
Decrease in cash and cash equivalents	**(13)**	(3)
Cash and cash equivalents, beginning of period	**64**	55
Cash and cash equivalents, end of period	**51**	52

(a) Recast to consolidate PNGTS for all periods presented (Refer to Notes 2 and 6).

The accompanying notes are an integral part of these consolidated financial statements.

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TC PIPELINES, LP
CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' EQUITY

(unaudited)	Limited Partners				General Partner	Accumulated Other Comprehensive Loss [a] [b]	Non-Controlling Interest[b]	Equity of former parent of PNGTS[b]	Total Equity[b]
	Common Units		Class B Units						
	millions of units	millions of dollars	millions of units	millions of dollars	millions of dollars	millions of dollars	millions of dollars	millions of dollars	millions of dollars
Partners' Equity at December 31, 2016	67.4	1,002	1.9	117	27	(2)	97	31	1,272
Net income [b]	—	122	—	—	8	—	6	2	138
Other comprehensive income		—	—	—	—	1	—	—	1
ATM equity issuances, net *(Note 7)*	1.6	90	—	—	2	—	—	—	92
Reclassification of common units no longer subject to rescission *(Note 7)*	—	81	—	—	2	—	—	—	83
Acquisition of interest in PNGTS and Iroquois *(Note 6)*	—	(371)	—	—	(8)	—	—	(32)	(411)
Distributions [b]	—	(129)	—	(22)	(6)	—	(2)	(1)	(160)
Partners' Equity at June 30, 2017	**69.0**	**795**	**1.9**	**95**	**25**	**(1)**	**101**	**—**	**1,015**

(a) Losses related to cash flow hedges reported in Accumulated Other Comprehensive Loss and expected to be reclassified to Net Income in the next 12 months are estimated to be $2 million. These estimates assume constant interest rates over time; however, the amounts reclassified will vary based on actual value of interest rates at the date of settlement.

(b) Recast to consolidate PNGTS for all periods presented. See Notes 2 and 6.

The accompanying notes are an integral part of these consolidated financial statements.

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TC PIPELINES, LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 ORGANIZATION

TC PipeLines, LP and its subsidiaries are collectively referred to herein as the Partnership. The Partnership was formed by TransCanada PipeLines Limited, a wholly owned subsidiary of TransCanada Corporation (TransCanada Corporation together with its subsidiaries collectively referred to herein as TransCanada), to acquire, own and participate in the management of energy infrastructure assets in North America.

The Partnership owns its pipeline assets through three intermediate limited partnerships (ILPs), TC GL Intermediate Limited Partnership, TC PipeLines Intermediate Limited Partnership and TC Tuscarora Intermediate Limited Partnership.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements and related notes have been prepared in accordance with United States generally accepted accounting principles (GAAP) and amounts are stated in U.S. dollars. The results of operations for the three and six months ended June 30, 2017 and 2016 are not necessarily

indicative of the results that may be expected for the full fiscal year.

The accompanying financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2016 included as exhibit 99.2 in our Current Report on Form 8-K dated August 3, 2017. That report contains a more comprehensive summary of the Partnership's significant accounting policies. In the opinion of management, the accompanying financial statements contain all of the appropriate adjustments, all of which are normally recurring adjustments unless otherwise noted, and considered necessary to present fairly the financial position of the Partnership, the results of operations and cash flows for the respective periods. Our significant accounting policies are consistent with those disclosed in our audited financial statements and notes thereto for the year ended December 31, 2016 included as exhibit 99.2 in our Current Report on Form 8-K dated August 3, 2017, except as described in Note 3, Accounting Pronouncements.

Basis of Presentation

The Partnership consolidates its interests in entities over which it is able to exercise control. To the extent there are interests owned by other parties, these interests are included in non-controlling interests. The Partnership uses the equity method of accounting for its investments in entities over which it is able to exercise significant influence.

Acquisitions by the Partnership from TransCanada are considered common control transactions. When businesses are acquired from TransCanada that will be consolidated by the Partnership, the historical financial statements are required to be recast, except net income per common unit, to include the acquired entities for all periods presented.

When the Partnership acquires an asset or an investment from TransCanada, which will be accounted for by the equity method, the financial information is not required to be recast and the transaction is accounted for prospectively from the date of the acquisition.

On June 1, 2017, the Partnership acquired from a subsidiary of TransCanada an additional 11.81 percent interest in PNGTS, resulting in the Partnership owning 61.71 percent in PNGTS (Refer to Note 6-Acquisitions). As a result of the Partnership owning 61.71 percent of PNGTS, the Partnership's historical financial information has been recast, except net income (loss) per common unit, to consolidate PNGTS for all the periods presented in the Partnership's consolidated financial statements. Additionally, this acquisition was accounted for as transaction between entities under common control, similar to pooling of interests, whereby the assets and liabilities of PNGTS were recorded at TransCanada's carrying value.

Also, on June 1, 2017, the Partnership acquired from subsidiaries of TransCanada a 49.34 percent interest in Iroquois Gas Transmission, L.P. ("Iroquois") (Refer to Note 6-Acquisitions). Accordingly, this transaction was accounted for as a transaction between entities under common control, similar to pooling of interest, whereby the equity investment in Iroquois was recorded at TransCanada's carrying value and was accounted for prospectively.

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Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ from these estimates.

NOTE 3 ACCOUNTING PRONOUNCEMENTS

Retrospective application of ASU No 2016-15 "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments"

In August 2016, the FASB issued an amendment of previously issued guidance, which intends to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The new guidance is effective January 1, 2018, however, as early adoption is permitted, the Partnership elected to retrospectively apply this guidance effective December 31, 2016. The Partnership has elected to classify distributions received from equity method investees using the nature of distributions approach as it is more representative of the nature of the underlying activities of the investees that generated the distributions. As a result, certain comparative period distributions received from equity method investees, amounting to $42 million for the six months ended June 30, 2016, have been reclassified from investing activities to cash generated from operations in the consolidated statement of cash flows.

Effective January 1, 2017

Inventory

In July 2015, the FASB issued new guidance on simplifying the measurement of inventory. The new guidance specifies that an entity should measure inventory within the scope of this update at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This new guidance was effective January 1, 2017, and was applied prospectively and did not have a material impact on the Partnership's consolidated balance sheet.

Equity method and joint ventures

In March 2016, the FASB issued new guidance that simplifies the transition to equity method accounting. The new guidance eliminates the requirement to retroactively apply the equity method of accounting when an increase in ownership interest in an investment qualifies for equity method accounting. The new guidance is effective January 1, 2017 and was applied prospectively. The application of this guidance did not have a material impact on the Partnership's consolidated financial statements.

Consolidation

In October 2016, the FASB issued new guidance on consolidation relating to interests held through related parties that are under common control. The new guidance amends the consolidation requirements such that if a decision maker is required to evaluate whether it is the primary beneficiary of a variable

interest entry (VIE), it will need to consider only its proportionate indirect interest in the VIE held through a common control party. The guidance was effective January 1, 2017, was applied retrospectively and did not result in any change to our consolidation conclusions.

Future accounting changes

Revenue from contracts with customers

In 2014, the FASB issued new guidance on revenue from contracts with customers. The new guidance requires that an entity recognize revenue in accordance with a five-step model. This model is used to depict the transfer of promised goods or services to customers in an amount that reflects the total consideration to which it expects to be entitled to during the term of the contract in exchange for those goods or services. The new guidance also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and the related cash flows. The Partnership will adopt the new standard on the effective date of January 1, 2018. There are two methods in which the new standard can be adopted: (1) a full retrospective approach with restatement of all prior periods presented, or (2) a modified retrospective approach with a cumulative-effect adjustment as of the date of adoption. The Partnership currently

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anticipates adopting the standard using the modified retrospective approach with the cumulative-effect of initially applying the guidance recognized at the date of adoption, subject to allowable and elected practical expedients.

The Partnership has identified all existing customer contracts that are within the scope of the new guidance and is in the process of analyzing individual contracts or groups of contracts on a segmented basis to identify any significant changes in how revenues are recognized as a result of implementing the new standard. While the Partnership has not identified any material differences in the amount and timing of revenue recognition for the contracts that have been analyzed to date, the evaluation is not complete and the Partnership has not concluded on the overall impact of adopting the new guidance. The Partnership continues its segmented contract analysis to obtain the information necessary to quantify, the cumulative-effect adjustment, if any, on prior period revenues. The Partnership also continues to address any system and process changes necessary to compile the information to meet the recognition and disclosure requirements of the new guidance.

Leases

In February 2016, the FASB issued new guidance on the accounting for leases. The new guidance amends the definition of a lease requiring the customer to have both (1) the right to obtain substantially all of the economic benefits from the use of the asset and (2) the right to direct the use of the asset in order for the arrangement to qualify as a lease. The new guidance also establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and corresponding lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The new guidance does not make extensive changes to lessor accounting.

The new guidance is effective on January 1, 2019, with early adoption permitted. A modified retrospective transition approach is required for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Partnership is continuing to identify and analyze existing lease agreements to determine the effect of adoption of the new guidance on its consolidated financial statements. The Partnership is also addressing system and process changes necessary to compile the information to meet the recognition and disclosure requirements of the new guidance.

Goodwill Impairment

In January 2017, the FASB issued new guidance on simplifying the test for goodwill impairment by eliminating the requirement to calculate the implied fair value of goodwill to measure the impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. This new guidance is effective January 1, 2020 and will be applied prospectively. Early adoption is permitted. The Partnership is currently evaluating the impact of the adoption of this guidance and has not yet determined the effect on its consolidated financial statements.

NOTE 4 EQUITY INVESTMENTS

The Partnership has equity interests in Northern Border, Great Lakes and effective June 1, 2017, Iroquois. The pipeline systems owned by these entities are regulated by FERC. The pipeline systems of Northern Border and Great Lakes are operated by subsidiaries of TransCanada. The Iroquois pipeline system is operated by Iroquois Pipeline Operating Company, a wholly owned subsidiary of Iroquois. The Partnership uses the equity method of accounting for its interests in its equity investees. The Partnership's equity investments are held through our ILPs that are considered to be variable interest entities (VIEs) (refer to Note 17).

(unaudited) (millions of dollars)	Ownership Interest at June 30, 2017	Equity Earnings				Equity Investments	
		Three months ended June 30,		Six Months ended June 30,		June 30, 2017	December 31, 2016[b]
		2017	2016[b]	2017	2016[b]		
Northern Border [a]	50%	**15**	16	**34**	34	**437**	444
Great Lakes	46.45%	**6**	4	**23**	19	**475**	474
Iroquois	49.34%	**3**	—	**3**	—	**226**	—
		24	20	**60**	53	**1,138**	918

[a] Equity earnings from Northern Border is net of the 12-year amortization of a $10 million transaction fee paid to the operator of Northern Border at the time of the Partnership's acquisition of an additional 20 percent interest in April 2006.

[b] Recast to eliminate equity earnings from PNGTS and consolidate PNGTS for all periods presented (Refer to Note 2).

Northern Border

The Partnership did not have undistributed earnings from Northern Border for the three and six months ended June 30, 2017 and 2016.

The summarized financial information for Northern Border is as follows:

(unaudited) (millions of dollars)	June 30, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	**16**	14
Other current assets	**34**	36
Plant, property and equipment, net	**1,077**	1,089
Other assets	**14**	14
	1,141	1,153
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities	**37**	38
Deferred credits and other	**30**	28
Long-term debt, including current maturities, net	**430**	430
Partners' equity		
Partners' capital	**645**	659
Accumulated other comprehensive loss	**(1)**	(2)
	1,141	1,153

(unaudited) (millions of dollars)	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Transmission revenues	**69**	70	**144**	144
Operating expenses	**(18)**	(18)	**(36)**	(35)
Depreciation	**(15)**	(15)	**(30)**	(29)
Financial charges and other	**(5)**	(6)	**(9)**	(11)
Net income	**31**	31	**69**	69

Great Lakes

The Partnership made an equity contribution to Great Lakes of $4 million in the first quarter of 2017. This amount represents the Partnership's 46.45 percent share of a $9 million cash call from Great Lakes to make a scheduled debt repayment.

The Partnership did not have undistributed earnings from Great Lakes for the three and six months ended June 30, 2017 and 2016.

The summarized financial information for Great Lakes is as follows:

(unaudited) (millions of dollars)	June 30, 2017	December 31, 2016
ASSETS		
Current assets	**61**	66
Plant, property and equipment, net	**705**	714
	766	780
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities	**34**	40
Long-term debt, including current maturities, net	**269**	278
Partners' equity	**463**	462
	766	780

(unaudited) (millions of dollars)	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Transmission revenues	**41**	36	**103**	97
Operating expenses	**(17)**	(15)	**(30)**	(30)
Depreciation	**(7)**	(7)	**(14)**	(14)
Financial charges and other	**(5)**	(5)	**(10)**	(11)
Net income	**12**	9	**49**	42

Iroquois

On June 1, 2017, the Partnership acquired a 49.34 percent interest in Iroquois (Refer to Note 6). The Partnership recorded no undistributed earnings from Iroquois in June 2017.

The summarized financial information for Iroquois is as follows:

(unaudited) (millions of dollars)	June 30, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	**100**	88
Other current assets	**26**	27
Plant, property and equipment, net	**595**	611
Other assets	**8**	7
	729	733
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities	**15**	16
Long-term debt, including current maturities, net	**332**	338
Other non-current liabilities	**9**	5
Partners' equity	**373**	374
	729	733

(unaudited) (millions of dollars)	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Transmission revenues	**45**	47	**98**	100
Operating expenses	**(13)**	(15)	**(29)**	(30)
Depreciation	**(7)**	(10)	**(14)**	(19)
Financial charges and other	**(5)**	(4)	**(9)**	(8)
Net income	**20**	18	**46**	43

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NOTE 5 DEBT AND CREDIT FACILITIES

(unaudited) (millions of dollars)	June 30, 2017	Weighted Average Interest Rate for the Six Months Ended June 30, 2017	December 31, 2016 [a]	Weighted Average Interest Rate for the Year Ended December 31, 2016 [b]
TC PipeLines, LP				
Senior Credit Facility due 2021	**170**	2.22%	160	1.72%
2013 Term Loan Facility due July 2018	**500**	2.15%	500	1.73%
2015 Term Loan Facility due September 2018	**170**	2.04%	170	1.63%
4.65% Unsecured Senior Notes due 2021	**350**	4.65%[b]	350	4.65%[b]
4.375% Unsecured Senior Notes due 2025	**350**	4.375%[b]	350	4.375%[b]
3.90 % Unsecured Senior Notes due 2027	**500**	3.90%[b]	—	—
GTN				
5.29% Unsecured Senior Notes due 2020	**100**	5.29%[b]	100	5.29%[b]
5.69% Unsecured Senior Notes due 2035	**150**	5.69%[b]	150	5.69%[b]
Unsecured Term Loan Facility due 2019	**55**	1.84%	65	1.43%
PNGTS				
5.90% Senior Secured Notes due December 2018	**36**	5.90%[b]	53	5.90%[b]
Tuscarora				
Unsecured Term Loan due 2019	**9**	2.03%	10	1.64%
3.82% Series D Senior Notes due 2017	**12**	3.82%[b]	12	3.82%[b]
	2,402		1,920	
Less: unamortized debt issuance costs and debt discount	**12**		9	
Less: current portion	**57**		52	
	2,333		1,859	

[a] Recast as discussed in Notes 2 and 6.
[b] Fixed interest rate

TC Pipelines, LP

The Partnership's Senior Credit Facility consists of a $500 million senior revolving credit facility with a banking syndicate, maturing November 10, 2021, under which $170 million was outstanding at June 30, 2017 (December 31, 2016 - $160 million), leaving $330 million available for future borrowing. The LIBOR-based interest rate on the Senior Credit Facility was 2.34 percent at June 30, 2017 (December 31, 2016 — 1.92 percent).

As of June 30, 2017, the variable interest rate exposure related to the 2013 Term Loan Facility was hedged by fixed interest rate swap arrangements and our effective interest rate was 2.31 percent (December 31, 2016 — 2.31 percent). Prior to hedging activities, the LIBOR-based interest rate on the 2013 Term

Loan Facility was 2.31 percent at June 30, 2017 (December 31, 2016 — 1.87 percent).

The LIBOR-based interest rate on the 2015 Term Loan Facility was 2.20 percent at June 30, 2017 (December 31, 2016 — 1.77 percent).

The 2013 Term Loan Facility and the 2015 Term Loan Facility (Term Loan Facilities) and the Senior Credit Facility require the Partnership to maintain a certain leverage ratio (debt to adjusted cash flow [net income plus cash distributions received, extraordinary losses, interest expense, expense for taxes paid or accrued, and depreciation and amortization expense less equity earnings and extraordinary gains]) no greater than 5.00 to 1.00 for each fiscal quarter, except for the fiscal quarter and the two following fiscal quarters in which one or more acquisitions has been executed, in which case the leverage ratio is to be no greater than 5.50 to 1.00. The leverage ratio was 4.60 to 1.00 as of June 30, 2017.

On May 25, 2017, the Partnership closed a $500 million public offering of senior unsecured notes bearing an interest rate of 3.90 percent maturing May 25, 2027. The net proceeds of $497 million were used to fund a portion of the 2017 Acquisition (Refer to Note 6).The indenture for the notes contains customary investment grade covenants.

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PNGTS

PNGTS' Senior Secured Notes are secured by the PNGTS long-term firm shipper contracts and its partners' pledge of their equity and a guarantee of debt service for six months. PNGTS is restricted under the terms of its note purchase agreement from making cash distributions unless certain conditions are met. Before a distribution can be made, the debt service reserve account must be fully funded and PNGTS' debt service coverage ratio for the preceding and succeeding twelve months must be 1.30 or greater. At June 30, 2017, the debt service coverage ratio was 1.82 for the twelve preceding months and 2.99 for the twelve succeeding months. Therefore, PNGTS was not restricted to make any cash distributions.

GTN

GTN's Unsecured Senior Notes, along with GTN's Unsecured Term Loan Facility contain a covenant that limits total debt to no greater than 70 percent of GTN's total capitalization. GTN's total debt to total capitalization ratio at June 30, 2017 was 44.3 percent. The LIBOR-based interest rate on the GTN's Unsecured Term Loan Facility was 2.00 percent at June 30, 2017 (December 31, 2016 — 1.57 percent).

Tuscarora

Tuscarora's Series D Senior Notes, which require yearly principal payments until maturity, are secured by Tuscarora's transportation contracts, supporting agreements and substantially all of Tuscarora's property. The note purchase agreements contain certain provisions that include, among other items, limitations on additional indebtedness and distributions to partners. The Series D Senior Notes contain a covenant that limits total debt to no greater than 45 percent of Tuscarora's total capitalization. Tuscarora's total debt to total capitalization ratio at June 30, 2017 was 20.46 percent. Additionally, the Series D Senior Notes require Tuscarora to maintain a Debt Service Coverage Ratio (cash available from operations divided by a sum of interest expense and principal payments) of greater than 3.00 to 1.00. The ratio was 3.12 to 1.00 as of June 30, 2017.

The LIBOR-based interest rate on the Tuscarora's Unsecured Term Loan Facility was 2.36 percent at June 30, 2017 (December 31, 2016 — 1.90 percent).

At June 30, 2017, the Partnership was in compliance with its financial covenants, in addition to the other covenants which include restrictions on entering into mergers, consolidations and sales of assets, granting liens, material amendments to the Third Amended and Restated Agreement of Limited Partnership (Partnership Agreement), incurring additional debt and distributions to unitholders.

The principal repayments required of the Partnership on its debt are as follows:

(unaudited) **(millions of dollars)**	
2017	24
2018	715
2019	43
2020	100
2021	520
Thereafter	1,000
	2,402

NOTE 6 ACQUISITION

2017 Acquisition

On June 1, 2017, the Partnership acquired from subsidiaries of TransCanada a 49.34 percent interest in Iroquois Gas Transmission System, L.P. (Iroquois), including an option to acquire a further 0.66 percent interest in Iroquois, together with an additional 11.81 percent interest in PNGTS resulting in the Partnership owning a 61.71 percent interest in PNGTS (2017 Acquisition). The total purchase price of the 2017 Acquisition was $765 million plus preliminary purchase price adjustments amounting to $9 million. The purchase price consisted of (i) $710 million for the Iroquois interest (less $164 million, which reflected our 49.34 percent share of Iroquois outstanding debt on June 1) (ii) $55 million for the additional 11.81 percent interest in PNGTS (less $5 million, which reflected our 11.81% proportionate share in PNGTS' debt on June 1) and (iii) preliminary working capital adjustments on PNGTS and Iroquois amounting to $3 million and $6 million, respectively. Additionally, the Partnership paid $1,000 for the option to acquire TransCanada's remaining 0.66 percent interest in Iroquois. The Partnership funded the cash portion of the 2017 Acquisition through a combination of proceeds from the May 2017 public debt offering (refer to Note 5) and borrowing under our Senior Credit Facility.

As at the date of the 2017 Acquisition, there was significant cash on Iroquois' balance sheet. Pursuant to the Purchase and Sale Agreement associated with the acquisition of the Iroquois interest, as amended, the Partnership agreed to pay $28 million plus interest to TransCanada on August 1, 2017 for its 49.34 percent share of cash determined to be surplus to Iroquois' operating needs. In addition, the Partnership expects to make a final working capital adjustment payment by the end of August. The $28 million and the related interest were included in accounts payable to affiliates at June 30, 2017.

The Iroquois' partners adopted a distribution resolution to address the significant cash on Iroquois' balance sheet post-closing. The Partnership expects to receive the $28 million of unrestricted cash as part of its quarterly distributions from Iroquois over 11 quarters under the terms of the resolution, beginning with the second quarter 2017 distribution on August 1, 2017.

The acquisition of a 49.34 percent interest in Iroquois was accounted for as a transaction between entities under common control, whereby the equity investment in Iroquois was recorded at TransCanada's carrying value and the total excess purchase price paid was recorded as a reduction in Partners' Equity.

Iroquois' net purchase price was allocated as follows:

(millions of dollars)	
Net Purchase Price [a]	581
Less: TransCanada's carrying value of Iroquois at June 1, 2017	223
Excess purchase price [b]	358

[a] Total purchase price of $710 million plus the additional consideration on Iroquois surplus cash amounting to approximately $29 million including interest less the assumption of $164 million of proportional Iroquois debt by the Partnership.
[b] The excess purchase price of $358 million was recorded as a reduction in Partners' Equity.

The acquisition of an additional 11.81 percent interest in PNGTS, which resulted in the Partnership owning 61.71 percent in PNGTS, was accounted for as a transaction between entities under common control, similar to a pooling of interests, whereby assets and liabilities of PNGTS were recorded at TransCanada's carrying value and the Partnership's historical financial information, except net income per common unit, was recast to consolidate PNGTS for all periods presented.

The PNGTS purchase price was recorded as follows:

(millions of dollars)	
Current assets	25
Property, plant and equipment, net	294
Current liabilities	(4)
Deferred state income taxes	(10)
Long-term debt, including current portion	(41)
	264
Non-controlling interest	(100)
Carrying value of pre-existing Investment in PNGTS	(132)
TransCanada's carrying value of the acquired 11.81 percent interest at June 1, 2017	32
Excess purchase price over net assets acquired [b]	21
Total cash consideration [a]	53

[a] Total purchase price of $58 million (including preliminary working capital adjustment) less the assumption of $5 million of proportional PNGTS debt by the Partnership.
[b] The excess purchase price of $21 million was recorded as a reduction in Partners' Equity.

NOTE 7 PARTNERS' EQUITY

ATM equity issuance program (ATM program)

During the six months ended June 30, 2017, we issued 1,542,921 common units under our ATM program generating net proceeds of approximately $90 million, plus $2 million from the General Partner to maintain its effective two percent general partner interest. The commissions to our sales agents in the six months ended June 30, 2017 were approximately $1 million. The net proceeds were used for general partnership purposes.

Class B units issued to TransCanada

The Class B Units we issued on April 1, 2015 to finance a portion of the 2015 GTN Acquisition represent a limited partner interest in us and entitle TransCanada to an annual distribution based on 30 percent of GTN's annual distributions as follows: (i) 100 percent of distributions above $20 million through March 31, 2020; and (ii) 25 percent of distributions above $20 million thereafter.

For the year ending December 31, 2017, the Class B units' equity account will be increased by the excess of 30 percent of GTN's distributions over the annual threshold of $20 million until such amount is declared for distribution and paid in the first quarter of 2018. During the six months ended June 30, 2017, the threshold has not been exceeded.

For the year ended December 31, 2016, the Class B distribution was $22 million and was declared and paid in the first quarter of 2017.

Common unit issuance subject to rescission

In connection with a late filing of an employee-related Form 8-K with the SEC in March 2016, the Partnership became ineligible to use the then effective shelf registration statement upon filing of its 2015 Annual Report. As a result, it was determined that the purchasers of the 1.6 million common units that were issued from March 8, 2016 to May 19, 2016 under the Partnership's ATM program may have had a rescission right for an amount equal to the purchase price paid for the units, plus statutory interest and less any distributions paid, upon the return of such units to the Partnership. The Securities Act generally requires that any claim brought for a violation of Section 5 of the Securities Act be brought within one year of violation.

At December 31, 2016, $83 million was recorded as Common units subject to rescission on the consolidated balance sheet. The Partnership classified all the 1.6 million common units sold under its ATM program from March 8, 2016 up to and including May 19, 2016, which may be subject to rescission rights, outside of equity given the potential redemption feature which is not within the control of the Partnership. These units were treated as outstanding for financial reporting purposes.

No unitholder claimed or attempted to exercise any rescission rights prior to their expiry dates and the final rights related to the sales of such units expired on May 19, 2017. Therefore, all the common units subject to rescission were reclassified back to partners' equity on our consolidated balance sheet at June 30, 2017.

NOTE 8 NET INCOME PER COMMON UNIT

Net income per common unit is computed by dividing net income attributable to controlling interests, after deduction of net income attributed to PNGTS' former parent, amounts attributable to the General Partner and Class B units, by the weighted average number of common units outstanding.

The amounts allocable to the General Partner equals an amount based upon the General Partner's effective two percent general partner interest, plus an amount equal to incentive distributions. Incentive distributions are paid to the General Partner if quarterly cash distributions on the common units exceed levels specified in the Partnership Agreement.

The amount allocable to the Class B units in 2017 equals 30 percent of GTN's distributable cash flow during the year ended December 31, 2017 less $20 million (December 31, 2016 —$20 million).

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Net income per common unit was determined as follows:

(unaudited) (millions of dollars, except per common unit amounts)	Three months ended June 30, 2017	Three months ended June 30, 2016 [a]	Six months ended June 30, 2017	Six months ended June 30, 2016 [a]
Net income attributable to controlling interests [a]	**55**	55	**132**	130
Net income attributable to PNGTS' former parent [a] [b]	**—**	(1)	**(2)**	(3)
Net income attributable to General and Limited Partners	**55**	54	**130**	127
Incentive distributions allocated to the General Partner [c]	**(3)**	(2)	**(5)**	(3)
Net income attributable to the Class B units [d]	**—**	(1)	**—**	(1)
Net income attributable to the General Partner and common units	**52**	51	**125**	123
Net income attributable to General Partner's two percent interest	**(2)**	(1)	**(3)**	(2)
Net income attributable to common units	**50**	**50**	**122**	**121**
Weighted average common units outstanding *(millions)* — basic and diluted	**68.9**	65.5[e]	**68.6**	64.9[e]
Net income per common unit — basic and diluted	**$ 0.73**	**$ 0.76**[f]	**$ 1.78**	$ 1.86[f]

[a] Recast to consolidate PNGTS for all periods presented (Refer to Notes 2 and 6).

[b] Net income allocable to General and Limited Partners excludes net income attributed to PNGTS' former parent as it was allocated to TransCanada and was not allocable to either the general partner, common units or Class B units.

[c] Under the terms of the Partnership Agreement, for any quarterly period, the participation of the incentive distribution rights (IDRs) is limited to the available cash distributions declared. Accordingly, incentive distributions allocated to the General Partner are based on the Partnership's available cash during the current reporting period, but declared and paid in the subsequent reporting period.

[d] During the three and six months ended June 30, 2017, no amounts were allocated to the Class B units as the annual threshold of $20 million has not been exceeded. During the six months ended June 30, 2016, 30 percent of GTN's total distributable cash flow was $21 million. As a result of exceeding the $20 million threshold, $1 million of net income attributable to controlling interests was allocated to the Class B units during the three and six months ended June 30, 2016.

[e] Includes the common units subject to rescission. These units are treated as outstanding for financial reporting purposes. Refer to Note 7.

[f] Net income per common unit prior to recast (Refer to Note 2).

NOTE 9 CASH DISTRIBUTIONS

During the three and six months ended June 30, 2017, the Partnership distributed $0.94 and $1.88 per common unit, respectively (June 30, 2016 — $0.89 and $1.78 per common unit) for a total of $68 million and $135 million, respectively (June 30, 2016 - $60 million and $119 million).

The distribution paid to our General Partner during the three months ended June 30, 2017 for its effective two percent general partner interest was $1 million along with an IDR payment of $2 million for a total distribution of $3 million (June 30, 2016 - $1 million for the effective two percent interest and a $1 million IDR payment).

The distribution paid to our General Partner during the six months ended June 30, 2017 for its effective two percent general partner interest was $2 million along with an IDR payment of $4 million for a total distribution of $6 million (June 30, 2016 - $2 million for the effective two percent interest and a $2 million IDR payment).

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NOTE 10 CHANGE IN OPERATING WORKING CAPITAL

(unaudited) (millions of dollars)	Six months ended June 30, 2017	2016 [a]
Change in accounts receivable and other	**11**	2
Change in other current assets	**2**	2
Change in accounts payable and accrued liabilities[b]	**(5)**	1
Change in accounts payable to affiliates	**(2)**	(2)
Change in state income taxes payable	**—**	8
Change in accrued interest	**1**	1
Change in operating working capital	**7**	12

[a] Recast as discussed in Notes 2 and 6.

[b] The accrual of $10 million for the construction of GTN's Carty Lateral in December 31, 2015 was paid during the first quarter 2016. Accordingly, the payment was reported as capital expenditures in our cash flow statement during the current period.

NOTE 11 RELATED PARTY TRANSACTIONS

The Partnership does not have any employees. The management and operating functions are provided by the General Partner. The General Partner does not receive a management fee in connection with its management of the Partnership. The Partnership reimburses the General Partner for all costs of services provided, including the costs of employee, officer and director compensation and benefits, and all other expenses necessary or appropriate to the conduct of the business of, and allocable to, the Partnership. Such costs include (i) overhead costs (such as office space and equipment) and (ii) out-of-pocket expenses related to the provision of such services. The Partnership Agreement provides that the General Partner will determine the costs that are allocable to the Partnership in any reasonable manner determined by the General Partner in its sole discretion. For both the three and six months ended June 30, 2017 and 2016, total costs charged to the Partnership by the General Partner were $1 million and $2 million, respectively.

As operator of our pipelines except Iroquois, TransCanada's subsidiaries provide capital and operating services to our pipeline systems. TransCanada's subsidiaries incur costs on behalf of our pipeline systems, including, but not limited to, employee salary and benefit costs, and property and liability insurance costs. The Iroquois pipeline system is operated by Iroquois Pipeline Operating Company, a wholly owned subsidiary of Iroquois. Therefore, Iroquois does not receive any capital and operating services from TransCanada.

Capital and operating costs charged to our pipeline systems for the three and six months ended June 30, 2017 and 2016 by TransCanada's subsidiaries and amounts payable to TransCanada's subsidiaries at June 30, 2017 and December 31, 2016 are summarized in the following tables:

(unaudited) (millions of dollars)	Three months ended June 30, 2017	2016	Six months ended June 30, 2017	2016
Capital and operating costs charged by TransCanada's subsidiaries to:				
Great Lakes [a]	**9**	7	**17**	14
Northern Border [a]	**10**	9	**20**	15
GTN	**9**	7	**16**	13
Bison	**1**	1	**2**	—
North Baja	**1**	1	**2**	2
Tuscarora	**1**	1	**2**	2
PNGTS	**2**	2	**4**	4
Impact on the Partnership's net income:				
Great Lakes [a]	**4**	3	**7**	6
Northern Border [a]	**4**	3	**7**	6
GTN	**7**	6	**14**	11
Bison	**1**	1	**2**	2
North Baja	**1**	1	**2**	2
Tuscarora	**1**	1	**2**	2
PNGTS [b]	**1**	1	**2**	2

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(unaudited) (millions of dollars)	June 30, 2017	December 31, 2016
Net amounts payable to TransCanada's subsidiaries is as follows:		
Great Lakes [a]	**4**	4
Northern Border [a]	**4**	4

GTN	**3**	3
Bison	**1**	1
North Baja	**—**	1
Tuscarora	**—**	1
PNGTS	**1**	1

(a) Represents 100 percent of the costs.
(b) Recast to consolidate PNGTS for all periods presented (Refer to Note 2).

Great Lakes earns significant transportation revenues from TransCanada and its affiliates, some of which are provided at discounted rates and some at maximum recourse rates. For the three and six months ended June 30, 2017, Great Lakes earned 43 percent and 57 percent of transportation revenues from TransCanada and its affiliates, respectively (June 30, 2016 — 64 percent and 71 percent).

At June 30, 2017, $1 million was included in Great Lakes' receivables in regards to the transportation contracts with TransCanada and its affiliates (December 31, 2016 — $19 million).

Great Lakes operates under a FERC approved 2013 rate settlement that includes a revenue sharing mechanism that requires Great Lakes to share with its shippers certain percentages of any qualifying revenues earned above a certain return on equity threshold. For the year ended December 31, 2016, Great Lakes recorded an estimated 2016 revenue sharing provision of $7.2 million. For the three and six months ended June 30, 2017, Great Lakes recorded an estimated 2017 revenue sharing provision of $7 million and $10 million, respectively. Great Lakes expects that a significant percentage of this refund will be paid to its affiliates.

PNGTS earns transportation revenues from TransCanada and its affiliates. For the three and six months ended June 30, 2017, PNGTS earned 2 percent and 1 percent of transportation revenues from TransCanada and its affiliates, respectively (June 30, 2016 — 5 percent and 3 percent).

At June 30, 2017, nil was included in PNGTS' receivables in regards to the transportation contracts with TransCanada and its affiliates (December 31, 2016 — nil).

NOTE 12 FAIR VALUE MEASUREMENTS

(a) Fair Value Hierarchy

Under ASC 820, *Fair Value Measurements and Disclosures*, fair value measurements are characterized in one of three levels based upon the inputs used to arrive at the measurement. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

When appropriate, valuations are adjusted for various factors including credit considerations. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used.

(b) Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable and other, accounts payable and accrued liabilities, accounts payable to affiliates and accrued interest approximate their fair values because of the short maturity or duration of these instruments, or because the instruments bear a variable rate of interest or a rate that approximates current rates. The fair value of the Partnership's debt is estimated by discounting the future cash flows of each instrument at estimated current borrowing rates. The fair value of interest rate derivatives is calculated using the income approach, which uses period-end market rates and applies a discounted cash flow valuation model.

Long-term debt is recorded at amortized cost and classified in Level 2 of the fair value hierarchy for fair value disclosure purposes. Interest rate derivative assets and liabilities are classified in Level 2 for all periods presented where the fair value is determined by using valuation techniques that refer to observable market data or estimated market

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prices. The estimated fair value of the Partnership's debt as at June 30, 2017 and December 31, 2016 was $2,465 million and $1,908 million, respectively.

Market risk is the risk that changes in market interest rates may result in fluctuations in the fair values or cash flows of financial instruments. The Partnership's floating rate debt is subject to LIBOR benchmark interest rate risk. The Partnership uses interest rate derivatives to manage its exposure to interest rate risk. We regularly assess the impact of interest rate fluctuations on future cash flows and evaluate hedging opportunities to mitigate our interest rate risk.

The interest rate swaps are structured such that the cash flows of the derivative instruments match those of the variable rate of interest on the 2013 Term Loan Facility. The Partnership hedged interest payments on the variable-rate 2013 Term Loan Facility with interest rate swaps maturing July 1, 2018, at a weighted average fixed interest rate of 2.31 percent. At June 30, 2017, the fair value of the interest rate swaps accounted for as cash flow hedges was an asset of $2 million (both on a gross and net basis). At December 31, 2016, the fair value of the interest rate swaps accounted for as cash flow hedges was an asset of $1 million and a liability of $1 million (on a gross basis) and an asset of nil million (on a net basis). The Partnership did not record any amounts in net income related to ineffectiveness for interest rate hedges for the three and six months ended June 30, 2017 and 2016. The change in fair value of interest rate derivative instruments recognized in other comprehensive income was nil and a gain of $1 million for the three and six months ended June 30, 2017, respectively (June 30, 2016 — loss of $1 million and a loss of $3 million). For the three and six months ended June 30, 2017, the net realized loss related to

the interest rate swaps was nil, and was included in financial charges and other (June 30, 2016 —$1 million for both periods). Refer to Note 14 — Financial Charges and Other.

In anticipation of a debt refinancing in 2003, PNGTS entered into forward interest rate swap agreements to hedge the interest rate on its Senior Secured Notes due in 2018. These interest rate swaps were used to manage the impact of interest rate fluctuations and qualified as derivative financial instruments in accordance with ASC 815, *Derivatives and Hedging*. PNGTS settled its position with a payment of $20.9 million to counterparties at the time of the refinancing and recorded the realized loss in accumulated other comprehensive income as of the termination date. The previously recorded loss is currently being amortized against earnings over the life of the PNGTS Senior Secured Notes. At June 30, 2017, our 61.71 percent proportionate share of net unamortized loss on PNGTS included in other comprehensive income was $1 million (December 31, 2016 - $2 million). For the three and six months ended June 30, 2017, our 61.71 percent proportionate share of the amortization of realized loss on derivative instruments was $1 million (June 30, 2016 —$1 million).

The Partnership has no master netting agreements; however, it has derivative contracts containing provisions with rights of offset. The Partnership has elected to present the fair value of derivative instruments with the right to offset on a gross basis in the balance sheet. Had the Partnership elected to present these instruments on a net basis, there would be no effect on the consolidated balance sheet as of June 30, 2017 (net asset of nil million as of December 31, 2016).

NOTE 13 ACCOUNTS RECEIVABLE AND OTHER

(unaudited) (millions of dollars)	June 30, 2017	December 31, 2016 [a]
Trade accounts receivable, net of allowance of nil	**35**	44
Imbalance receivable from affiliates	**1**	2
Other	**1**	1
	37	47

[a] Recast as discussed in Notes 2 and 6.

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NOTE 14 FINANCIAL CHARGES AND OTHER

(unaudited) (millions of dollars)	Three months ended June 30,		Six months ended June 30,	
	2017	2016[b]	2017	2016[b]
Interest Expense [a]	**19**	16	**36**	35
PNGTS' amortization of derivative loss on derivative instruments *(Note 12)* [b]	**1**	1	**1**	1
Net realized loss related to the interest rate swaps	**—**	1	**—**	1
Other Income	**(1)**	(1)	**(1)**	(2)
	19	17	**36**	35

[a] Includes amortization of debt issuance costs and discount costs.
[b] Recast to consolidate PNGTS for all periods presented (Refer to Note 2).

NOTE 15 CONTINGENCIES

Great Lakes v. Essar Steel Minnesota LLC, et al. — On October 29, 2009, Great Lakes filed suit in the U.S. District Court, District of Minnesota, against Essar Minnesota LLC (Essar Minnesota) and certain Foreign Essar Affiliates (collectively, Essar) for breach of its monthly payment obligation under its transportation services agreement with Great Lakes. Great Lakes sought to recover approximately $33 million for past and future payments due under the agreement. On September 16, 2015, following a jury trial, the federal district court judge entered a judgment in the amount of $32.9 million in favor of Great Lakes. On September 20, 2015, Essar appealed the decision to the United States Court of Appeals for the Eighth Circuit (Eighth Circuit) based on an allegation of improper jurisdiction and a number of other rulings by the federal district judge. Essar was required to post a performance bond for the full value of the judgment pending appeal. In July 2016, Essar Minnesota filed for Bankruptcy. The performance bond was released into the bankruptcy court proceedings. The Foreign Essar Affiliates have not filed for bankruptcy. The Eighth Circuit heard the appeal on October 20, 2016. A decision on the appeal was received in December 2016 and the Eighth Circuit vacated Great Lakes' judgment against Essar finding that there was no federal jurisdiction. Great Lakes filed a Request for Rehearing with the Eighth Circuit and it was denied in January 2017. Great Lakes currently is proceeding against Essar Minnesota in the bankruptcy court and its case against the Foreign Essar Affiliates in Minnesota state court remains pending. In April, after reaching agreement with creditors on an allowed claim, the Bankruptcy court approved Great Lakes' claim in the amount of $31.5 million.

NOTE 16 REGULATORY

North Baja —On January 6, 2017, North Baja notified FERC that current market conditions do not support the replacement of the compression that was temporarily abandoned in 2013 and requested authorization to permanently abandon two compressor units and a nominal volume of unsubscribed firm capacity. FERC approved the permanent abandonment request on February 16, 2017. The abandonments will not have any impact on existing firm transportation service.

Great Lakes- Great Lakes is required to file a new section 4 rate case with rates effective no later than January 1, 2018 as part of the settlement agreement with customers approved in November 2013. On March 31, 2017, Great Lakes filed its rate case pursuant to Section 4 of the Natural Gas Act (2017 Rate Case). The rates proposed in the filing will become effective on October 1, 2017, subject to refund, if alternate resolution to the proceeding is not reached prior to that date. Great Lakes has initiated customer discussions regarding the details of the filing and is currently seeking to achieve a mutually beneficial resolution through settlement with its customers.

NOTE 17 VARIABLE INTEREST ENTITIES

In the normal course of business, the Partnership must re-evaluate its legal entities under the current consolidation guidance to determine if those that are considered to be VIEs are appropriately consolidated or if they should be accounted for under other GAAP. A variable interest entity (VIE) is a legal entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured such that equity investors lack the ability to make significant decisions relating to the entity's operations through voting rights or do not substantively participate in the gains or losses of the entity. A VIE is appropriately consolidated if the Partnership is considered to be the primary beneficiary. The VIE's primary beneficiary is the entity that has both (1) the power to

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direct the activities of the VIE that most significantly impact the VIEs economic performance and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

As a result of its analysis, the Partnership continues to consolidate all legal entities in which it has a variable interest and for which it is considered to be the primary beneficiary. VIEs where the Partnership is not the primary beneficiary, but has a variable interest in the entity, are accounted for as equity investments.

Consolidated VIEs

The Partnership's consolidated VIEs consist of the Partnership's ILPs that hold interests in the Partnership's pipeline systems. After considering the purpose and design of the ILPs and the risks that they were designed to create and pass through to the Partnership, the Partnership has concluded that it is the primary beneficiary of these ILPs because of the significant amount of variability that it absorbs from the ILPs' economic performance.

The assets and liabilities held through these VIEs that are not available to creditors of the Partnership and whose investors have no recourse to the credit of the Partnership are held through GTN, Tuscarora, Northern Border, Great Lakes, PNGTS and Iroquois due to their third party debt. The following table presents the total assets and liabilities of these entities that are included in the Partnership's Consolidated Balance Sheets:

(unaudited) (millions of dollars)	June 30, 2017	December 31, 2016[a]
ASSETS (LIABILITIES) *		
Cash and cash equivalents	**13**	14
Accounts receivable and other	**26**	33
Inventories	**6**	6
Other current assets	**3**	6
Equity investments	**1,138**	918
Plant, property and equipment	**1,137**	1,146
Other assets	**1**	2
Accounts payable and accrued liabilities	**(20)**	(21)
Accounts payable to affiliates, net	**(39)**	(32)
Distributions payable	**—**	(3)
Accrued interest	**(1)**	(2)
Current portion of long-term debt	**(57)**	(52)
Long-term debt	**(304)**	(337)
Other liabilities	**(26)**	(25)
Deferred state income tax	**(10)**	(10)

*North Baja and Bison, which are also assets held through our consolidated VIEs, are excluded as the assets of these entities can be used for purposes other than the settlement of the VIE's obligations.

[a] Recast to consolidate PNGTS for all periods presented (Refer to Note 2).

NOTE 18 INCOME TAXES

The Partnership's income taxes relate to business profits tax (BPT) levied at the partnership (PNGTS) level by the state of New Hampshire. As a result of the BPT, PNGTS recognizes deferred taxes related to temporary differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. The deferred taxes at June 30, 2017 and December 31, 2016 relate primarily to utility plant. At June 30, 2017 and December 31, 2016 the New Hampshire BPT effective tax rate was 3.8 percent for both periods and was applied to PNGTS' taxable income.

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(unaudited) (millions of dollars)	Three months ended June 30,		Six months ended June 30,	
	2017	2016[a]	2017	2016[a]
State income taxes				
Current	**—**	**—**	**1**	8
Deferred	**—**	**—**	**—**	(7)
	—	**—**	**1**	1

(a) Recast to consolidate PNGTS for all periods presented (Refer to Note 2).

NOTE 19 SUBSEQUENT EVENTS

Management of the Partnership has reviewed subsequent events through August 3, 2017, the date the financial statements were issued, and concluded there were no events or transactions during this period that would require recognition or disclosure in the consolidated financial statements other than what is disclosed here and/or those already disclosed in the preceding notes.

On July 20, 2017, the board of directors of the General Partner declared the Partnership's second quarter 2017 cash distribution in the amount of $1.00 per common unit payable on August 11, 2017 to unitholders of record as of August 1, 2017. The declared distribution reflects a $0.06 per common unit increase to the Partnership's first quarter 2017 quarterly distribution. The declared distribution totaled $74 million and is payable in the following manner: $69 million to common unitholders (including $6 million to the General Partner as a holder of 5,797,106 common units and $11 million to another subsidiary of TransCanada as holder of 11,287,725 common units) and $5 million to the General Partner, which included $2 million for its effective two percent general partner interest and $3 million in respect of its IDRs.

Northern Border declared its June 2017 distribution of $14 million on July 7, 2017, of which the Partnership will receive its 50 percent share or $7 million on July 31, 2017.

Great Lakes declared its second quarter 2017 distribution of 15 million on July 18, 2017, of which the Partnership will receive its 46.45 percent share or $7 million on August 1, 2017.

Iroquois declared its second quarter 2017 distribution of $28 million on July 27, 2017, of which the Partnership received its 49.34 percent share or $14 million on August 1, 2017.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the unaudited financial statements and notes included in Item 1. "Financial Statements" of this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the year ended December 31, 2016, in which certain parts of the report were amended through the Partnership's filing of Current Report on Form 8-K dated August 3, 2017 to give retrospective adjustments to include the results of operations and financial position of PNGTS for all periods presented (Refer to Note 2 in Item 1. "Financial Statements" of this Quarterly Report on Form 10-Q).

RECENT BUSINESS DEVELOPMENTS

Cash Distributions —

On April 25, 2017, the board of directors of our General Partner declared the Partnership's first quarter 2017 cash distribution in the amount of $0.94 per common unit and was paid on May 15, 2017 to unitholders of record as of May 5, 2017. The declared distribution totaled $68 million and was paid in the following manner: $65 million to common unitholders (including $5 million to the General Partner as a holder of 5,797,106 common units and $11 million to another subsidiary of TransCanada as holder of 11,287,725 common units) and $3 million to our General Partner, which included $1 million for its effective two percent general partner interest and $2 million in respect of its IDRs.

On July 20, 2017, the board of directors of our General Partner declared the Partnership's second quarter 2017 cash distribution in the amount of $1.00 per common unit, payable on August 11, 2017 to unitholders of record as of August 1, 2017. The declared distribution totaled $74 million and is payable in the following manner: $69 million to common unitholders (including $6 million to the General Partner as a holder of 5,797,106 common units and $11 million to another subsidiary of TransCanada as holder of 11,287,725 common units) and $5 million to our General Partner, which included $2 million for its effective two percent general partner interest and $3 million in respect of its IDRs. The declared distribution reflects a 6 percent per common unit increase to the first quarter 2017 quarterly distribution.

Great Lakes - Great Lakes is required to file a new Section 4 rate case with rates effective no later than January 1, 2018 as part of the settlement agreement with customers approved in November 2013. On March 31, 2017, Great Lakes filed its rate case pursuant to Section 4 of the Natural Gas Act (2017 Rate Case). The rates proposed in the filing will become effective on October 1, 2017, subject to refund, if alternate resolution to the proceeding is not reached prior to that date. Great Lakes is currently seeking to achieve a mutually beneficial resolution through settlement with its customers.

On April 24, 2017, Great Lakes reached an agreement on the terms of a potential new long-term transportation capacity contract with its affiliate, TransCanada. The contract is for a term of 10 years with a total contract value of up to $758 million. The contract may commence as soon as November 1, 2017 and contains termination options beginning in year three. The contract is subject to the satisfaction of certain conditions, including but not limited to approval by the Canadian National Energy Board of an associated contract between TransCanada and third party customers. Great Lakes' current rate structure includes a revenue sharing mechanism that requires Great Lakes to share with its customers certain percentages of any qualifying revenues earned above a calculated return on equity threshold. Additionally, Great Lakes is currently pursuing resolution of its 2017 Rate Case. We cannot predict the cumulative impact of these circumstances on the Partnership's earnings and cash flows at this time.

Debt Offering — On May 25, 2017, the Partnership closed a $500 million public offering of senior unsecured notes bearing an interest rate of 3.90 percent maturing May 25, 2027. The net proceeds of $497 million were used to fund a portion of the 2017 Acquisition (Refer to Note 6 within Item 1. "Financial Statements" of this Quarterly Report on Form 10Q).

2017 Acquisition — On June 1, 2017, the Partnership completed the acquisitions of a 49.34 percent interest in Iroquois from subsidiaries of TransCanada including an option to acquire a further 0.66 percent interest in Iroquois, together with an additional 11.81 percent interest in PNGTS that resulted in the Partnership owning a 61.71 percent interest in PNGTS. The total purchase price of the 2017 Acquisition was $765 million plus preliminary purchase price

adjustments amounting to approximately $9 million. The purchase price consisted of (i) $710 million for the Iroquois interest (less $164 million, which reflected the Partnership's 49.34 percent share of Iroquois outstanding debt at the time of the 2017 Acquisition (ii) $55 million for the additional 11.81 percent in PNGTS (less $5 million, which reflected our 11.81 percent share in PNGTS' outstanding debt at the time of the 2017 Acquisition) and (iii) preliminary working capital adjustments on PNGTS and Iroquois amounting to $3 million and $6 million, respectively. The Partnership funded the cash portion of the 2017 Acquisition through a combination of proceeds from the May 25, 2017 public debt offering and borrowing under its Senior Credit Facility.

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As at the date of the 2017 Acquisition, there was significant cash on Iroquois' balance sheet. Pursuant to the Purchase and Sale Agreement associated with the acquisition of the Iroquois interest, as amended, the Partnership agreed to pay $28 million plus interest to TransCanada on August 1, 2017 for its 49.34 percent share of cash determined to be surplus to Iroquois' operating needs. In addition, the Partnership expects to make a final working capital adjustment payment by the end of August. The $28 million and the related interest were included in accounts payable to affiliates at June 30, 2017.

The Iroquois' partners adopted a distribution resolution to address the significant cash on Iroquois' balance sheet post-closing. The Partnership expects to receive the $28 million of unrestricted cash as part of its quarterly distributions from Iroquois over 11 quarters under the terms of the resolution, beginning with the second quarter 2017 distribution on August 1, 2017.

The Iroquois pipeline transports natural gas under long-term contracts and extends from the TransCanada Mainline system at the U.S. border near Waddington, New York to markets in the U.S. northeast, including New York City, Long Island and Connecticut. Iroquois provides service to local gas distribution companies, electric utilities and electric power generators, as well as marketers and other end users, directly or indirectly, through interconnecting pipelines and exchanges throughout the northeastern U.S. Both the Iroquois and PNGTS pipelines are critical natural gas infrastructure systems in the Northeast U.S. market and the addition of Iroquois to the Partnership's asset portfolio will further diversify our cash flow.

Northern Border — Northern Border revenues are now substantially supported by firm transportation contracts through March 2020. The continued successful renewals of these contracts provide a strong indication of Northern Border's attractiveness to its customers.

HOW WE EVALUATE OUR OPERATIONS

We use certain non-GAAP financial measures that do not have any standardized meaning under GAAP as we believe they enhance the understanding of our operating performance. We use the following non-GAAP measures:

EBITDA

We use EBITDA as a proxy of our operating cash flow and current operating profitability.

Distributable Cash Flows

Total distributable cash flow and distributable cash flow provide measures of distributable cash generated during the current earnings period.

Please see "Non-GAAP Financial Measures: EBITDA and Distributable Cash Flow" for more information.

RESULTS OF OPERATIONS

Our equity interests in Northern Border, Great Lakes, and effective June 1, 2017, Iroquois and full ownerships of GTN, Bison, North Baja and Tuscarora and beginning also on June 1, 2017, 61.71 percent ownership in PNGTS were our only material sources of income during the period. Therefore, our results of operations and cash flows were influenced by, and reflect the same factors that influenced, our pipeline systems.

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(unaudited) (millions of dollars)	Three months ended June 30, 2017	2016[a]	$ Change*	% Change*	Six months ended June 30, 2017	2016[a]	$ Change*	% Change*
Transmission revenues	**101**	101	—	—	213	212	1	**
Equity earnings	**24**	20	4	20	60	53	7	13
Operating, maintenance and administrative	**(26)**	(23)	(3)	(13)	(49)	(43)	(6)	(14)
Depreciation	**(25)**	(24)	(1)	(4)	(49)	(48)	(1)	(2)
Financial charges and other	**(19)**	(17)	(2)	(12)	(36)	(35)	(1)	(3)
Net income before taxes	**55**	57	(2)	(4)	139	139	—	—
State income taxes	**—**	—	—	—	(1)	(1)	—	—
Net income	**55**	57	(2)	(4)	138	138	—	—
Net income attributable to non-controlling interests	**—**	2	2	100	6	8	2	25
Net income attributable to controlling interests	**55**	55	—	—	132	130	2	2

* Positive number represents a favorable change; bracketed or negative number represents an unfavorable change.
** less than 1 percent
(a) Financial information was recast to consolidate PNGTS for all periods presented (Refer to Note 2).

Three Months Ended June 30, 2017 compared to Same Period in 2016

Net income attributable to controlling interests - The Partnership's net income attributable to controlling interests was comparable to prior period due to the net effect of higher equity earnings partially offset by higher costs.

Transmission revenues — Comparable to prior year primarily due to higher discretionary revenues on short-term services sold by GTN offset by lower discretionary revenues on short-term services sold by PNGTS.

Equity Earnings - The $4 million increase was primarily due to the addition of equity earnings on Iroquois, a reflection of the addition of Iroquois to our portfolio of assets effective June 1, 2017.

Operating, maintenance and administrative costs - The $3 million increase was mainly attributable to higher pipeline integrity and other operational costs on GTN related to higher gas flows on the pipeline.

Financial charges and other - The $2 million increase was mainly attributable to additional borrowings to finance the 2017 Acquisition.

Net-income attributable to non-controlling interests - The Partnership's net income attributable to non- controlling interests was lower due to lower earnings from PNGTS during the period.

Six Months Ended June 30, 2017 compared to Same Period in 2016

Net income attributable to controlling interests - The Partnership's net income attributable to controlling interests increased by $2 million or 2 percent due higher equity earnings partially offset by higher costs.

Transmission revenues — Comparable to prior year primarily due to higher discretionary revenues on short-term services sold by GTN offset by lower discretionary revenues on short-term services sold by PNGTS.

Equity Earnings - The $7 million increase was primarily due the addition of equity earnings on Iroquois, a reflection of the addition of Iroquois to our portfolio of assets effective June 1, 2017 and higher equity earnings on Great Lakes due to its higher transportation revenues.

Operating, maintenance and administrative costs - The $6 million increase was mainly attributable to higher pipeline integrity and other operational costs on GTN related to higher gas flows on the pipeline.

Financial charges and other - The $1 million increase was mainly attributable to additional borrowings to finance the 2017 Acquisition.

Net-income attributable to non-controlling interests - The Partnership's net income attributable to non- controlling interests was lower due to lower earnings from PNGTS during the period.

Net Income Attributable to Common Units and Net Income per Common Unit

As discussed in Note 7 within Item 1. "Financial Statements," we will allocate a portion of the Partnership's income to the Class B Units after the annual threshold is exceeded which will effectively reduce the income allocable to the common units and net income per common unit. Currently, we expect to allocate a portion of the Partnership's income to the Class B units beginning in the third quarter of 2017.

During the six months ended June 30, 2016, 30 percent of GTN's total distributable cash flow was $21 million. As a result of exceeding the $20 million threshold, $1 million of net income attributable to controlling interests was allocated to the Class B units during the three and six months ended June 30, 2016.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our principal sources of liquidity and cash flows include distributions received from our equity investments, operating cash flows from our subsidiaries, public offerings of debt and equity, term loans and our bank credit facility. The Partnership funds its operating expenses, debt service and cash distributions (including those distributions made to TransCanada through our General Partner and as holder of all our Class B units) primarily with operating cash flow. Long-term capital needs may be met through the issuance of long-term debt and/or equity. Overall, we believe that our pipeline systems' ability to obtain financing at reasonable rates, together with a history of consistent cash flow from

operating activities, provide a solid foundation to meet future liquidity and capital requirements. We expect to be able to fund our liquidity requirements, including our distributions and required debt repayments, at the Partnership level over the next 12 months utilizing our cash flow and, if required, our existing Senior Credit Facility.

The following table sets forth the available borrowing capacity under the Partnership's Senior Credit Facility:

(unaudited) **(millions of dollars)**	**June 30, 2017**	**December 31, 2016**
Total capacity under the Senior Credit Facility	500	500

Less: Outstanding borrowings under the Senior Credit Facility	170	160
Available capacity under the Senior Credit Facility	330	340

Our pipeline systems' principal sources of liquidity are cash generated from operating activities, long-term debt offerings, bank credit facilities and equity contributions from their owners. Our pipeline systems have historically funded operating expenses, debt service and cash distributions to their owners primarily with operating cash flow. However, since the fourth quarter of 2010, Great Lakes has funded its debt repayments with cash calls to its owners.

Capital expenditures are funded by a variety of sources, including cash generated from operating activities, borrowings under bank credit facilities, issuance of senior unsecured notes or equity contributions from our pipeline systems' owners. The ability of our pipeline systems to access the debt capital markets under reasonable terms depends on their financial position and general market conditions.

The Partnership's pipeline systems monitor the creditworthiness of their customers and have credit provisions included in their tariffs which, although limited by FERC, allow them to request credit support as circumstances dictate.

Cash Flow Analysis for the Six Months Ended June 30, 2017 compared to Same Period in 2016

(unaudited) (millions of dollars)	Six months ended June 30, 2017	2016 [a]
Net cash provided by (used in):		
Operating activities	**205**	235
Investing activities	**(625)**	(213)
Financing activities	**407**	(25)
Net decrease in cash and cash equivalents	**(13)**	(3)
Cash and cash equivalents at beginning of the period	**64**	55
Cash and cash equivalents at end of the period	**51**	52

[a] Financial information was recast to consolidate PNGTS for all periods presented (Refer to Note 2).

Operating Cash Flows

Net cash provided by operating activities decreased by $30 million in the six months ended June 30, 2017 compared to the same period in 2016 primarily due to lower distributions from Great Lakes and Northern Border in 2017. Distributions received in the first quarter of 2016 from Great Lakes were higher than on a run-rate basis due to the resolution of certain regulatory proceedings in the fourth quarter of 2015 which inflated its results during that period and resulted in higher cash flow which was paid to the Partnership in the first quarter of 2016 and not applicable in the first quarter of 2017. Additionally, the Partnership received lower distributions from Northern Border in the current period compared to the same period in 2016 primarily due to the change in Northern Border's distribution policy during the second quarter of 2016 from a lagged quarterly distribution to a more timely monthly distribution that resulted in a larger distribution in the second quarter of 2016.

Investing Cash Flows

Net cash used in investing activities increased by $412 million in the six months ended June 30, 2017 compared to the same period in 2016. On January 1, 2016, we invested $193 million to acquire a 49.9 percent interest in PNGTS and on

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June 1, 2017, we invested $552 million to acquire a 49.34 percent interest in Iroquois and $53 million to acquire an additional 11.81 percent of PNGTS.

Financing Cash Flows

The net change in cash from our financing activities was approximately $432 million in the six months ended June 30, 2017 compared to the same period in 2016 primarily due to the net effect of:

- $439 million increase in net issuances of debt in 2017 primarily to finance the 2017 Acquisition;
- $9 million increase in our ATM equity issuances in 2017 as compared to 2016;
- $16 million increase in distributions paid to our common units and to our General Partner in respect of its two percent general partner interest and IDRs;
- $10 million increase in distributions paid to Class B units in 2017 as compared to 2016; and
- $4 million decrease in distributions paid to non-controlling interest due lower revenues on PNGTS compared to the previous periods
- $7 million decrease in distributions paid to TransCanada as the former parent of PNGTS primarily due to the Partnership's acquisition of a 49.9 percent interest in PNGTS effective January 1, 2016 and additional 11.81 percent effective June 1, 2017.

Cash Flow Outlook

Operating Cash Flow Outlook

Northern Border declared its June 2017 distribution of $14 million on July 7, 2017, of which the Partnership received its 50 percent share or $7 million. The distribution was paid on July 31, 2017.

Great Lakes declared its second quarter 2017 distribution of $15 million on July 18, 2017, of which the Partnership received its 46.45 percent share or $7 million. The distribution was paid on August 1, 2017.

Iroquois declared its second quarter 2017 distribution of $28 million on July 27, 2017, of which the Partnership received its 49.34 percent share or $14 million on August 1, 2017.

Our equity investee Iroquois has $2.8 million of scheduled debt repayments for the remainder of 2017 and Iroquois' debt repayments are expected to be funded through its cash flow from operations.

Investing Cash Flow Outlook

The Partnership made an equity contribution to Great Lakes of $4 million in the first quarter of 2017. This amount represents the Partnership's 46.45 percent share of a $9 million cash call from Great Lakes to make a scheduled debt repayment. The Partnership expects to make an additional $5 million equity contribution to Great Lakes in the fourth quarter of 2017 to further fund debt repayments. This is consistent with prior years.

Our consolidated entities have commitments of $10 million as of June 30, 2017 in connection with various maintenance and general plant projects.

Our expected total growth and maintenance capital expenditures on our pipeline systems as outlined in the Management Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2016 Consolidated Financial Statements and Notes thereto included as Exhibit 99.3 of the Current Report on Form 8-K filed with the SEC on August 3, 2017 remain unchanged.

Financing Cash Flow Outlook

On July 20, 2017, the board of directors of our General Partner declared the Partnership's second quarter 2017 cash distribution in the amount of $1.00 per common unit payable on August 11, 2017 to unitholders of record as of August 1, 2017. Please see "Recent Business Developments."

Tuscarora's $12 million Series D Senior Notes are due on August 20, 2017. The Partnership expects to refinance the entire principal amount upon maturity.

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Non-GAAP Financial Measures: EBITDA and Distributable Cash Flow

EBITDA is an approximate measure of our operating cash flow during the current earnings period and reconciles directly to the most comparable measure of net income. It measures our earnings before deducting interest, depreciation and amortization, net income attributable to non-controlling interests, and includes earnings from our equity investments.

Total distributable cash flow and distributable cash flow provide measures of distributable cash generated during the current earnings period and reconcile directly to the net income amount presented.

Total distributable cash flow includes EBITDA *plus:*

- Distributions from our equity investments

less:

- Earnings from our equity investments,
- Equity allowance for funds used during construction (Equity AFUDC),
- Interest expense,
- Distributions to non-controlling interests,
- Distributions to TransCanada as the former parent of PNGTS, and
- Maintenance capital expenditures from consolidated subsidiaries.

Distributable cash flow is computed net of distributions declared to the General Partner and distributions allocable to Class B units. Distributions declared to the General Partner are based on its effective two percent interest plus an amount equal to incentive distributions. Distributions allocable to the Class B units in 2017 equal 30 percent of GTN's distributable cash flow less $20 million.

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Distributable cash flow and EBITDA are performance measures presented to assist investors' in evaluating our business performance. We believe these measures provide additional meaningful information in evaluating our financial performance and cash generating performance.

The non-GAAP measures described above are provided as a supplement to GAAP financial results and are not meant to be considered in isolation or as substitutes for financial results prepared in accordance with GAAP. Additionally, these measures as presented may not be comparable to similarly titled measures of other companies.

Reconciliations of Non-GAAP Financial Measures

The following table represents a reconciliation of the non-GAAP financial measures of EBITDA, total distributable cash flow and distributable cash flow, to the most directly comparable GAAP financial measure of Net Income:

(unaudited) (millions of dollars)	Three months ended June 30,		Six months ended June 30,	
	2017	2016 [a]	2017	2016[a]
Net income	**55**	57	**138**	138

Add:				
Interest expense[b]	**20**	18	**37**	37
Depreciation and amortization	**25**	24	**49**	48
Income taxes	**—**	—	**1**	1
EBITDA	**100**	99	**225**	224
Add:				
Distributions from equity investments[c]				
Northern Border	**20**	21	**40**	44
Great Lakes	**7**	6	**27**	23
Iroquois [d]	**14**	—	**14**	—
	41	27	**81**	67
Less:				
Equity earnings:				
Northern Border	**(15)**	(16)	**(34)**	(34)
Great Lakes	**(6)**	(4)	**(23)**	(19)
Iroquois	**(3)**	—	**(3)**	—
	(24)	(20)	**(60)**	(53)
Less:				
Equity AFUDC	**—**	—	**—**	—
Interest expense	**(20)**	(18)	**(37)**	(37)
Income taxes	**—**	—	**(1)**	(1)
Distributions to non-controlling interests[e]	**(3)**	—	**(8)**	(9)
Distributions to TransCanada as PNGTS' former parent[f]	**—**	(1)	**(1)**	(3)
Maintenance capital expenditures [g]	**(7)**	(5)	**(17)**	(6)
	(30)	(24)	**(64)**	(56)
Total Distributable Cash Flow	**87**	82	**182**	182
General Partner distributions declared [h]	**(5)**	(3)	**(8)**	(5)
Distributions allocable to Class B units [i]	**—**	(1)	**—**	(1)
Distributable Cash Flow	**82**	78	**174**	176

[a] Financial information was recast to consolidate PNGTS for all periods presented. Please see "Basis of Presentation" section within Item 2, Management Discussion and Analysis of Financial Condition and Results of Operations for more information.

[b] Interest expense as presented includes net realized loss related to the interest rate swaps and amortization of realized loss on PNGTS' derivative instruments. Refer to Note 14 within Item 1. Financial Statements.

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[c] Amounts are calculated in accordance with the cash distribution policies of each of our equity investments. Distributions from our equity investments represent our respective share of these entities' quarterly distributable cash during the current reporting period.

[d] Our equity investee Iroquois declared its second quarter 2017 distribution of $28 million on July 27, 2017, of which the Partnership received its 49.34 percent share or $14 million on August 1, 2017. The amount that was received by the Partnership includes its share of the Iroquois unrestricted cash distribution amounting to approximately $2.6 million. Refer to Note 6 within Item 1. Financial Statements.

[e] Distributions to non-controlling interests represent the respective share of our consolidated entities' distributable cash not owned by us during the periods presented.

[f] Distributions to TransCanada as PNGTS' former parent represent TransCanada's respective share of PNGTS' distributable cash not owned by us during the periods presented.

[g] The Partnership's maintenance capital expenditures include cash expenditures made to maintain, over the long term, the operating capacity, system integrity and reliability of our pipeline assets. This amount represents the Partnership's and its consolidated subsidiaries' maintenance capital expenditures and does not include the Partnership's share of maintenance capital expenditures for our equity investments. Such amounts are reflected in "Distributions from equity investments" as those amounts are withheld by those entities from their quarterly distributable cash.

[h] Distributions declared to the General Partner for the three and six months ended June 30, 2017 included an incentive distribution of approximately $3 million and $5 million, respectively (June 30, 2016 — $2 million and $3 million).

[i] During the six months ended June 30, 2017, 30 percent of GTN's total distributions amounted to $19 million. Therefore, no distribution was allocated to the Class B units as the threshold level for 2017 of $ 20 million has not been exceeded. We expect to exceed the threshold in third quarter of 2017 and will accordingly allocate almost all of the 30 percent of distributable cash flow of GTN for the third quarter to the Class B units and the full 30 percent to the Class B units in the fourth quarter.. During the six months ended June 30, 2016, $1 million was allocated to the Class B units representing the amount that exceeded the threshold level of $20 million.
Please read Notes 7 and 8 within Item 1. "Financial Statements" for additional disclosures on the Class B units.

Three months ended June 30, 2017 Compared with Same Period in 2016

Our EBITDA was comparable to the same period in prior year primarily due to the addition of equity earnings on Iroquois beginning June 1, 2017 offset by an increase in operational costs as discussed in more detail under the Results of Operations section.

Our distributable cash flow increased by $4 million in the second quarter of 2017 compared to the same period in 2016 due to the net effect of:

- addition of 49.34 percent share of Iroquois' second quarter 2017 distribution;

- higher maintenance capital expenditures related to major compression equipment overhauls on GTN's pipeline system ;
- increased interest expense due to additional borrowings to finance the 2017 Acquisition; and
- higher distributions to our General Partner in respect of its two percent general partner interest and IDRs.

Six Months Ended June 30, 2017 Compared With Same Period in 2016

Our EBITDA was comparable to the same period in prior year primarily due to the addition of equity earnings on Iroquois beginning June 1, 2017 offset by an increase in operational costs as discussed in more detail under the Results of Operations section.

Our distributable cash flow decreased by $2 million in the six months ended June 30, 2017 compared to the same period in 2016 due to the net effect of:

- addition of 49.34 percent share of Iroquois' second quarter 2017 distribution;
- higher maintenance capital expenditures related to major compression equipment overhauls on GTN's pipeline system ; and
- higher distributions to our General Partner in respect of its two percent general partner interest and IDRs.

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Contractual Obligations

The Partnership's Contractual Obligations

The Partnership's contractual obligations related to debt as of June 30, 2017 included the following:

	Payments Due by Period					
(unaudited) (millions of dollars)	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Weighted Average Interest Rate for the Six Months Ended June 30, 2017
TC PipeLines, LP						
Senior Credit Facility due 2027	170	—	—	170	—	2.22%
2013 Term Loan Facility due July 2018	500	—	500	—	—	2.15%
2015 Term Loan Facility due September 2018	170	—	170	—	—	2.04%
4.65% Senior Notes due 2021	350	—	—	350	—	4.65%[a]
4.375% Senior Notes due 2025	350	—	—	—	350	4.375%[a]
3.9% Senior Notes due 2027	500	—	—	—	500	3.90%[a]
GTN						
5.29% Unsecured Senior Notes due 2020	100	—	100	—	—	5.29%[a]
5.69% Unsecured Senior Notes due 2035	150	—	—	—	150	5.69%[a]
Unsecured Term Loan Facility due 2019	55	20	35	—	—	1.84%
PNGTS						
5.90% Senior Secured Notes due December 2018	36	24	12	—	—	5.90%[a]
Tuscarora						
Unsecured Term Loan due 2019	9	1	8	—	—	2.03%
3.82% Series D Senior Notes due 2017	12	12	—	—	—	3.82%[a]
	2,402	57	825	520	1,000	

[a] Fixed interest rate

The Partnership's long-term debt results in exposures to changing interest rates. The Partnership uses derivatives to assist in managing its exposure to interest rate risk. Refer to Item 3. "Quantitative and Qualitative Disclosures About Market Risk" for additional information regarding the derivatives.

The fair value of the Partnership's long-term debt is estimated by discounting the future cash flows of each instrument at estimated current borrowing rates. The estimated fair value of the Partnership's debt at June 30, 2017 was $2,465 million.

Please read Note 5 within Item 1. "Financial Information" for additional information regarding the Partnership's debt.

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Summary of Northern Border's Contractual Obligations

Northern Border's contractual obligations related to debt as of June 30, 2017 included the following:

	Payments Due by Period [a]					
(unaudited) (millions of dollars)	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Weighted Average Interest Rate for the Six Months Ended June 30, 2017
$200 million Credit Agreement due 2020	181	—	—	181	—	2.04%
7.50% Senior Notes due 2021	250	—	—	250	—	7.50%[b]

	431	—	—	431	—

[a] Represents 100 percent of Northern Border's debt obligations.
[b] Fixed interest rate

As of June 30, 2017, $181 million was outstanding under Northern Border's $200 million revolving credit agreement, leaving $19 million available for future borrowings. At June 30, 2017, Northern Border was in compliance with all of its financial covenants.

As of June 30, 2017, Northern Border had not utilized the $100 million 364-day revolving credit facility.

Northern Border has commitments of $12 million as of June 30, 2017 in connection with compressor station overhaul project and other capital projects.

Summary of Great Lakes' Contractual Obligations

Great Lakes' contractual obligations related to debt as of June 30, 2017 included the following:

	Payments Due by Period [a]					
(unaudited) (millions of dollars)	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Weighted Average Interest Rate for the Six Months Ended June 30, 2017
6.73% series Senior Notes due 2017 to 2018	9	9	—	—	—	6.73%[b]
9.09% series Senior Notes due 2017 and 2021	50	10	20	20	—	9.09%[b]
6.95% series Senior Notes due 2019 and 2028	110	—	22	22	66	6.95%[b]
8.08% series Senior Notes due 2021 and 2030	100	—	—	20	80	8.08%[b]
	269	19	42	62	146	

[a] Represents 100 percent of Great Lakes' debt obligations.
[b] Fixed interest rate

Great Lakes is required to comply with certain financial, operational and legal covenants. Under the most restrictive covenants in the senior note agreements, approximately $145 million of Great Lakes' partners' capital was restricted as to distributions as of June 30, 2017 (December 31, 2016 — $150 million). Great Lakes was in compliance with all of its financial covenants at June 30, 2017.

Great Lakes has commitments of $3 million as of June 30, 2017 in connection with pipeline integrity, major overhaul projects, and right of way renewals.

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Summary of Iroquois' Contractual Obligations

Iroquois' contractual obligations related to debt as of June 30, 2017 included the following:

	Payments Due by Period [a]					
(unaudited) (millions of dollars)	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Weighted Average Interest Rate for the Six Months Ended June 30, 2017
6.63% series Senior Notes due 2019	140	—	140	—	—	6.63%[b]
4.84% series Senior Notes due 2020	150	—	150	—	—	4.84%[b]
6.10% series Senior Notes due 2027	42	5	10	7	20	6.10%[b]
	332	5	300	7	20	

[a] Represents 100 percent of Iroquois' debt obligations.
[b] Fixed interest rate

Iroquois has $2 million of material commitments as of June 30, 2017.

Iroquois is restricted under the terms of its note purchase agreement from making cash distributions to its partners unless certain conditions are met. Before a distribution can be made, the debt/capitalization ratio must be below 75%, the debt service coverage ratio must be at least 1.25 times for the four preceding quarters. At June 30, 2017, the debt/capitalization ratio was 47% and the debt service coverage ratio was 6.17 times, therefore, Iroquois was not restricted from making any cash distributions.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions with respect to values or conditions, which cannot be known with certainty, that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Although we believe these estimates and assumptions are reasonable, actual results could differ. There were no significant changes to the Partnership's critical accounting

estimates during the three and six months ended June 30, 2017. Information about our critical accounting estimates is included in our Annual Report on Form 10-K for the year ended December 31, 2016.

Our significant accounting policies have remained unchanged since December 31, 2016 except as described in Note 3 within Item 1. “Financial Statements,” of this quarterly report on Form 10-Q. A summary of our significant accounting policies can be found in our audited financial statements and notes thereto for the year ended December 31, 2016 included as exhibit 99.2 in our Current Report on Form 8-K dated August 3, 2017. (Refer also to Note 2 in Item 1. “Financial Statements” of this Quarterly Report on Form 10-Q).

RELATED PARTY TRANSACTIONS

Please read Note 6 and 11 within Item 1. “Financial Statements” for information regarding related party transactions.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

OVERVIEW

The Partnership and our pipeline systems are exposed to market risk, counterparty credit risk, and liquidity risk. Our exposure to market risk discussed below includes forward-looking statements and is not necessarily indicative of actual results, which may not represent the maximum possible gains and losses that may occur, since actual gains and losses will differ from those estimated, based on actual market conditions.

Our primary risk management objective is to mitigate the impact of these risks on earnings and cash flow, and ultimately, unitholder value. We do not use financial instruments for trading purposes.

We record derivative financial instruments on the balance sheet as assets and liabilities at fair value. We estimate the fair value of derivative financial instruments using available market information and appropriate valuation techniques.

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Changes in the fair value of derivative financial instruments are recognized in earnings unless the instrument qualifies as a hedge and meets specific hedge accounting criteria. Qualifying derivative financial instruments’ gains and losses may offset the hedged items’ related results in earnings for a fair value hedge or be deferred in accumulated other comprehensive income for a cash flow hedge.

MARKET RISK

From time to time, and in order to finance our business and that of our pipeline systems, the Partnership and our pipeline systems issue debt to invest in growth opportunities and provide for ongoing operations. The issuance of floating rate debt exposes the Partnership and our pipeline systems to market risk from changes in interest rates which affect earnings and the value of the financial instruments we hold.

Market risk is the risk that changes in market interest rates may result in fluctuations in the fair values or cash flows of financial instruments. We regularly assess the impact of interest rate fluctuations on future cash flows and evaluate hedging opportunities to mitigate our interest rate risk.

As of June 30, 2017, the Partnership’s interest rate exposure resulted from our floating rate Senior Credit Facility, 2015 Term Loan Facility, GTN’s Unsecured Term Loan Facility and Tuscarora’s Unsecured Term Loan Facility, under which $404 million, or 17 percent, of our outstanding debt was subject to variability in LIBOR interest rates. As of December 31, 2016, the Partnership’s interest rate exposure resulted from our floating rate Senior Credit Facility, 2015 Term Loan Facility, GTN’s Unsecured Term Loan Facility and Tuscarora’s Unsecured Term Loan Facility, under which $405 million or 21 percent of our outstanding debt was subject to variability in LIBOR interest rates.

As of June 30, 2017, the variable interest rate exposure related to 2013 Term Loan Facility was hedged by fixed interest rate swap arrangements and our effective interest rate was 2.31 percent. If interest rates hypothetically increased (decreased) by one percent, 100 basis points, compared with rates in effect at June 30, 2017, our annual interest expense would increase (decrease) and net income would decrease (increase) by approximately $4 million.

As of June 30, 2017 and December 31, 2016, $181 million, or 42 percent, of Northern Border’s outstanding debt was at floating rates. If interest rates hypothetically increased (decreased) by one percent, 100 basis points, compared with rates in effect at June 30, 2017, Northern Border’s annual interest expense would increase (decrease) and its net income would decrease (increase) by approximately $2 million.

GTN’s Unsecured Senior Notes, Northern Border’s Senior Notes, Tuscarora’s Series D Senior Notes and all of Great Lakes’ and PNGTS’ Notes represent fixed-rate debt; therefore, they are not exposed to market risk due to floating interest rates. Interest rate risk does not apply to Bison and North Baja, as they currently do not have any debt.

The Partnership and our pipeline systems use derivatives as part of our overall risk management policy to assist in managing exposures to market risk resulting from these activities within established policies and procedures. Derivative contracts used to manage market risk generally consist of the following:

- Swaps — contractual agreements between two parties to exchange streams of payments over time according to specified terms.
- Options — contractual agreements to convey the right, but not the obligation, for the purchaser to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed date or at any time within a specified period.

The interest rate swaps are structured such that the cash flows of the derivative instruments match those of the variable rate of interest on the 2013 Term Loan Facility. The Partnership hedged interest payments on the variable-rate 2013 Term Loan Facility with interest rate swaps maturing July 1, 2018, at a weighted average fixed interest rate of 2.31 percent. At June 30, 2017, the fair value of the interest rate swaps accounted for as cash flow hedges was an asset of $2 million (both on a gross and net basis). At December 31, 2016, the fair value of the interest rate swaps accounted for as cash flow hedges was an asset of $1 million and a liability of $1 million (on a gross basis) and an asset of nil million (on a net basis). The Partnership did not record any amounts in net income related to ineffectiveness for interest rate hedges for the three and six months ended June 30, 2017 and 2016. The change in fair value of interest rate

derivative instruments recognized in other comprehensive income was nil and a gain of $1 million for the three and six months ended June 30, 2017, respectively (June 30, 2016 — loss of $1 million and a loss of $3 million). For the three and six months ended June 30, 2017, the net realized loss related to the interest rate swaps was nil, and was included in financial charges and other (June 30, 2016 —$1 million for both periods). Refer to Note 14 within Item 1. Financial Statements.

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In anticipation of a debt refinancing in 2003, PNGTS entered into forward interest rate swap agreements to hedge the interest rate on its Senior Secured Notes due in 2018. These interest rate swaps were used to manage the impact of interest rate fluctuations and qualified as derivative financial instruments in accordance with ASC 815, Derivatives and Hedging. PNGTS settled its position with a payment of $20.9 million to counterparties at the time of the refinancing and recorded the realized loss in accumulated other comprehensive income as of the termination date. The previously recorded loss is currently being amortized against earnings over the life of the PNGTS Senior Secured Notes. At June 30, 2017, our 61.71 percent proportionate share of net unamortized loss on PNGTS included in other comprehensive income was $1 million (December 31, 2016 - $2 million). For the three and six months ended June 30, 2017, our 61.71 percent proportionate share of the amortization of realized loss on derivative instruments was $1 million (June 30, 2016 —$1 million).

The Partnership has no master netting agreements; however, it has derivative contracts containing provisions with rights of offset. The Partnership has elected to present the fair value of derivative instruments with the right to offset on a gross basis in the balance sheet. Had the Partnership elected to present these instruments on a net basis, there would be no effect on the consolidated balance sheet as of June 30, 2017 (net asset of nil million as of December 31, 2016).

OTHER RISKS

Counterparty credit risk represents the financial loss that the Partnership and our pipeline systems would experience if a counterparty to a financial instrument failed to meet its obligations in accordance with the terms and conditions of the financial instruments with the Partnership or its pipeline systems. The Partnership and our pipeline systems have significant credit exposure to financial institutions as they provide committed credit lines and critical liquidity in the interest rate derivative market, as well as letters of credit to mitigate exposures to non-creditworthy customers. The Partnership closely monitors the creditworthiness of our counterparties, including financial institutions. However, we cannot predict to what extent our business would be impacted by uncertainty in energy commodity prices, including possible declines in our customers' creditworthiness.

Our maximum counterparty credit exposure with respect to financial instruments at the balance sheet date consists primarily of the carrying amount, which approximates fair value, of non-derivative financial assets, such as accounts receivable, as well as the fair value of derivative financial assets. We review our accounts receivable regularly and record allowances for doubtful accounts using the specific identification method. At June 30, 2017, we had not incurred any significant credit losses and had no significant amounts past due or impaired. At June 30, 2017, we had a credit risk concentration on one of our customers, Anadarko Energy Services Company, which owed us approximately $4 million and this amount represented greater than 10 percent of our trade accounts receivable.

Liquidity risk is the risk that the Partnership and our pipeline systems will not be able to meet our financial obligations as they become due. Our approach to managing liquidity risk is to ensure that we always have sufficient cash and credit facilities to meet our obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to our reputation. At June 30, 2017, the Partnership had a Senior Credit Facility of $500 million maturing in 2021 and the outstanding balance on this facility was $170 million. In addition, at June 30, 2017, Northern Border had a committed revolving bank line of $200 million maturing in 2020 with $181 million drawn and an additional $100 million 364-day revolving credit facility with no current borrowings. Both the Senior Credit Facility and the Northern Border $200 million credit facility have accordion features for additional capacity of $500 million and $100 million respectively, subject to lender consent.

Item 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

As required by Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act") the management of our General Partner, including the principal executive officer and principal financial officer, evaluated as of the end of the period covered by this report the effectiveness of our disclosure controls and procedures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. The Partnership's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. Based upon and as of the date of the evaluation, the management of our General Partner, including the principal executive officer and principal financial officer, concluded that the Partnership's disclosure controls and procedures as of the end of the period covered by this quarterly report were effective to provide reasonable assurance that the information required to be disclosed by the Partnership in the reports that it files or submits under the Exchange Act, is (a) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (b) accumulated and communicated to

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the management of our General Partner, including the principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the quarter ended June 30, 2017, there was no change in the Partnership's internal control over financial reporting that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in various legal proceedings that arise in the ordinary course of business, as well as proceedings that we consider material under federal securities regulations. For additional information on other legal and environmental proceedings affecting the Partnership, please refer to Part 1 - Item 3 of the Partnership's Annual Report on Form 10-K for the year ended December 31, 2016.

Great Lakes v. Essar Steel Minnesota LLC, et al. —

A description of this legal proceeding can be found in Notes to Consolidated Financial Statements —Note 15 Contingencies in Part I, Item 1, of this Quarterly Report on Form 10-Q, and is incorporated herein by reference.

In addition to the above written matter, we and our pipeline systems are parties to lawsuits and governmental proceedings that arise in the ordinary course of our business.

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Item 1A. Risk Factors

The following updated risk factors should be read in conjunction with the risk factors disclosed in Part I, Item 1A. "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2016.

Following the closing of the 2017 Acquisition, we will not own a controlling interest in Iroquois, and we will be unable to cause certain actions to take place without the agreement of the other partners.

The major policies of Iroquois are established by its management committee, which consists of individuals who are designated by each of the partners and would include one individual designated by us. The management committee requires at least the affirmative vote of a majority of the partners' percentage interests to take any action. Because of these provisions, without the concurrence of other partners, we would be unable to cause Iroquois to take or not to take certain actions, even though those actions may be in the best interests of the Partnership or Iroquois. Further, Iroquois may seek additional capital contributions. Our funding of these capital contributions would reduce the amount of cash otherwise available for distribution to our unitholders. In the event we elected not to, or were unable to, make a capital contribution to Iroquois; our ownership interest would be diluted.

Changes in TransCanada's costs or their cost allocation practices could have an effect on our results of operations, financial position and cash flows.

Under the Partnership Agreement, the Partnership's pipeline systems operated by TransCanada are allocated certain costs of operations at TransCanada's sole discretion. Accordingly, revisions in the allocation process or changes to corporate structure may impact the Partnership's operating results. TransCanada reviews any changes and their prospective impact for reasonableness, however there can be no assurance that allocated operating costs will remain consistent from period to period.

Item 6. Exhibits

Exhibits designated by an asterisk (*) are filed herewith and those designated with asterisks (**) are furnished herewith; all exhibits not so designated are incorporated herein by reference to a prior filing as indicated.

No.	Description
2.1	Agreement for Purchase and Sale of Partnership Interest in Iroquois Gas Transmission System, L.P. by and between TCPL Northeast Ltd. and TransCanada Iroquois Ltd., as Sellers and TC Pipelines Intermediate Limited Partnership as Buyer dated as of May 3, 2017 (Incorporated by reference from Exhibit 2.1 to TC PipeLines, LP's Form 8-K filed May 3, 2017).
2.1.1*	First Amendment to Purchase and Sale Agreement by and between TCPL Northeast Ltd. and TransCanada Iroquois Ltd., as Sellers and TC Pipelines Intermediate Limited Partnership as Buyer dated as of May 31, 2017.
2.2	Option Agreement Relating to Partnership Interest in Iroquois Gas Transmission System, L.P. by and between TransCanada Iroquois Ltd. and TC Pipelines Intermediate Limited Partnership as dated as of May 3, 2017 (Incorporated by reference from Exhibit 2.2 to TC PipeLines, LP's Form 8-K filed May 3, 2017).
2.3	Agreement for Purchase and Sale of Partnership Interest in Portland Natural Gas Transmission System, by and between TCPL Portland Inc., as Seller and TC Pipelines Intermediate Limited Partnership as Buyer dated as of May 3, 2017 (Incorporated by reference from Exhibit 2.3 to TC PipeLines, LP's Form 8-K filed May 3, 2017).
3.1	Third Amended and Restated Agreement of Limited Partnership of TC PipeLines, LP dated April 1, 2015 (Incorporated by reference from Exhibit 3.1 to TC PipeLines, LP's Form 8-K filed April 1, 2015).
3.2	Certificate of Limited Partnership of TC PipeLines, LP (Incorporated by reference to Exhibit 3.2 to TC PipeLines, LP's Form S-1 Registration Statement, filed on December 30, 1998).
4.1*	Portland Natural Gas Transmission System Senior Secured Note Purchase Agreement dated as of April 10, 2003.
4.2*	Iroquois Gas Transmission, L.P.Senior Note Purchase Agreement dated as of May 13, 2009.
4.3*	Iroquois Gas Transmission, L.P.Senior Note Purchase Agreement dated as of April 27, 2010.
4.4*	Indenture dated as of May 30, 2000, between Iroquois Gas Transmission System, L.P. and The Chase Manhattan Bank.
4.4.1*	Second Supplemental Indenture dated as of August 13, 2002, between Iroquois Gas Transmission System, L.P. and JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank).
4.5*	Credit Agreement dated as of June 26, 2008, between Iroquois Gas Transmission System, L.P. and JPMorgan Chase Bank, N.A. as administrative agent
4.5.1*	Amendment No. 1 to Credit Agreement dated as of June 25, 2009, between Iroquois Gas Transmission System, L.P. and JPMorgan Chase Bank, N.A. as administrative agent for the lenders

10.1*	Operating Agreement by and between Portland Natural Gas Transmission System and PNGTS Operating Co., LLC dated October 2, 1996

10.2*	Amended and Restated Operating Agreement by and between PNGTS Operating Co., LLC and 9207670 Delaware Inc. dated January 1, 2012.
10.3*	Amended and Restated Operating Agreement by and between PNGTS Operating Co., LLC and 1120436 Alberta Ltd., Inc. dated January 1, 2012
10.4*	Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated March 1, 1996
10.4.1*	First Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated May 23, 1996
10.4.2*	Second Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated October 23, 1996
10.4.3*	Third Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated March 17, 1998
10.4.4*	Fourth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated March 31, 1998
10.4.5*	Fifth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated September 30, 1998
10.4.6*	Sixth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated June 4, 1999
10.4.7*	Seventh Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated June 28, 2001
10.4.8*	Eighth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated September 29, 2003
10.4.9*	Ninth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated December 3, 2003
10.4.10*	Tenth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated February 11, 2005
10.4.11*	Eleventh Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated March 17, 2008
10.4.12*	Twelfth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated January 1, 2016
10.4.13*	Thirteenth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated June 1, 2017
10.5	First Amended and Restated General Partnership Agreement of Northern Border Pipeline Company by and between Northern Border Intermediate Limited Partnership and TC Pipelines Intermediate Limited Partnership dated April 6, 2006 (Incorporated by reference to Exhibit 3.1 to Northern Border Pipeline Company's Form 8-K filed on April 12, 2006).
10.6*	Third Amended and Restated Agreement of Limited Partnership Agreement of Iroquois Gas Transmission, L.P.
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Transportation Term Sheet between Great Lakes Gas Transmission Limited Partnership and TransCanada PipeLines Limited (Incorporated by reference to Exhibit 99.3 to TC PipeLines, LP's Form 10-Q filed on May 4, 2017).
99.2*	Transportation Service Agreement FT-2010-001 between Portland Natural Gas Transmission System and TransCanada Energy Ltd., effective date July 01, 2010.
99.3*	Transportation Service Agreement FT18659 between Great Lakes Gas Transmission Limited Partnership and ANR Pipeline Company, effective date April 1, 2017.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 3rd day of August 2017.

TC PIPELINES, LP
(A Delaware Limited Partnership)
by its General Partner, TC PipeLines GP, Inc.

By: /s/ Brandon Anderson
Brandon Anderson
President
TC PipeLines GP, Inc. (Principal Executive Officer)

By: /s/ Nathaniel A. Brown
Nathaniel A. Brown
Controller
TC PipeLines GP, Inc. (Principal Financial Officer)

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10.1*	Operating Agreement by and between Portland Natural Gas Transmission System and PNGTS Operating Co., LLC dated October 2, 1996
10.2*	Amended and Restated Operating Agreement by and between PNGTS Operating Co., LLC and 9207670 Delaware Inc. dated January 1, 2012.
10.3*	Amended and Restated Operating Agreement by and between PNGTS Operating Co., LLC and 1120436 Alberta Ltd., Inc. dated January 1, 2012
10.4*	Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated March 1, 1996
10.4.1*	First Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated May 23, 1996
10.4.2*	Second Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated October 23, 1996
10.4.3*	Third Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated March 17, 1998
10.4.4*	Fourth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated March 31, 1998
10.4.5*	Fifth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated September 30, 1998
10.4.6*	Sixth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated June 4, 1999
10.4.7*	Seventh Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated June 28, 2001
10.4.8*	Eighth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated September 29, 2003
10.4.9*	Ninth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated December 3, 2003
10.4.10*	Tenth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated February 11, 2005
10.4.11*	Eleventh Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated March 17, 2008
10.4.12*	Twelfth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated January 1, 2016
10.4.13*	Thirteenth Amendment to Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated June 1, 2017
10.5	First Amended and Restated General Partnership Agreement of Northern Border Pipeline Company by and between Northern Border Intermediate Limited Partnership and TC Pipelines Intermediate Limited Partnership dated April 6, 2006 (Incorporated by reference to Exhibit 3.1 to Northern Border Pipeline Company's Form 8-K filed on April 12, 2006).
10.6*	Third Amended and Restated Agreement of Limited Partnership Agreement of Iroquois Gas Transmission, L.P.
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Transportation Term Sheet between Great Lakes Gas Transmission Limited Partnership and TransCanada PipeLines Limited (Incorporated by reference to Exhibit 99.3 to TC PipeLines, LP's Form 10-Q filed on May 4, 2017).
99.2*	Transportation Service Agreement FT-2010-001 between Portland Natural Gas Transmission System and TransCanada Energy Ltd., effective date July 01, 2010.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

FIRST AMENDMENT
TO PURCHASE AND SALE AGREEMENT

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT, dated effective as of May 31, 2017 (this "Amendment"), is by and among TCPL NORTHEAST LTD., a Delaware corporation ("TCPL"), TRANSCANADA IROQUOIS LTD., a Delaware corporation ("TCIL" and, collectively with TCPL, "Sellers") and TC PipeLines intermediate limited partnership, a Delaware limited partnership ("Buyer"). TCPL, TCIL and Buyer are sometimes referred to herein individually as a "Party" and collectively as the "Parties." All capitalized terms used and not otherwise defined herein have the meanings ascribed to them in that certain Purchase and Sale Agreement, dated as of May 3, 2017, by and among the Sellers and the Buyer (such agreement, including the Schedules and Exhibits thereto, the "Purchase Agreement").

RECITALS

WHEREAS, the Parties are parties to the Purchase Agreement and, pursuant to Section 9.01 of the Purchase Agreement, the Parties desire to amend the Purchase Agreement as further set forth in this Amendment.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained in this Amendment and the Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I
AMENDMENTS TO THE PURCHASE AGREEMENT

(a) Section 1.03(d)(ii) of the Purchase Agreement is hereby amended and restated in its entirety as follows:

(ii) If, after the Closing Date but before the end of the Working Capital Adjustment Period, the Distribution Agreement is executed by all parties thereto, then within five days of execution of the Distribution Agreement, Buyer shall pay to Sellers an amount equal to 49.34% of the Actual Surplus Cash and, for the avoidance of doubt, Actual Surplus Cash will be excluded from the calculation of Working Capital for purposes of determining the excess amount (if any) that Buyer would otherwise be required to pay within the period described in Section 1.03(c).

(b) Appendix A of the Purchase Agreement is hereby amended by amending and restating the definition of "Distribution Agreement" in its entirety as follows:

"Distribution Agreement" means a unanimous written consent of the Management Committee of Iroquois under which the Closing Surplus Cash is to be distributed to the partners in Iroquois in full no later than five years after the Closing Date.

(c) Exhibit C to the Purchase Agreement is hereby amended and restated in its entirety as set forth on Appendix 1 to this Amendment.

ARTICLE II
MISCELLANEOUS

Section 2.01 Incorporation by Reference. All of the terms and provisions of Article IX of the Purchase Agreement are hereby incorporated by reference into this Amendment for all purposes and constitute a part of this Amendment for all purposes, as if set out in full herein. Upon the execution and delivery of this Amendment, each reference to "this Agreement," "hereto," "hereunder," "hereof," "herein" or words of like import referring to the Purchase Agreement, whether made in this Amendment or in the Purchase Agreement or in any other document executed pursuant hereto or thereto, shall mean and be a reference to the Purchase Agreement as amended by this Amendment, and this Amendment shall be deemed to be a part of the Purchase Agreement.

Section 2.02 Integration. This Amendment, together with the Purchase Agreement and all other documents executed pursuant hereto and thereto, supersedes all negotiations, agreements and understandings among the Parties with respect to the subject matter hereof and thereof (except for the Confidentiality Agreement) and, together with the Purchase Agreement and all other documents executed pursuant hereto and thereto, constitutes the entire agreement among the Parties with respect thereto.

Section 2.03 No Other Amendments. Except as otherwise provided herein, all of the terms, representations, warranties, agreements, covenants and other provisions of the Purchase Agreement are hereby ratified and confirmed and shall continue to be in full force and effect in accordance with their respective terms.

Section 2.04 Counterparts. This Amendment may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all of such counterparts shall constitute for all purposes one agreement.

(Remainder of page intentionally left blank. Signature page follows.)

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.

TCPL NORTHEAST LTD.

By: /s/ James R. Eckert
Name: James R. Eckert

Title: VP U.S. Commercial Marketing

By: /s/ Jasmin Bertovic
Name: Jasmin Bertovic
Title: Vice President

TRANSCANADA IROQUOIS LTD.

By: /s/ James R. Eckert
Name: James R. Eckert
Title: VP U.S. Commercial Marketing

By: /s/ Jasmin Bertovic
Name: Jasmin Bertovic
Title: Vice President

TC PIPELINES INTERMEDIATE LIMITED PARTNERSHIP by TC PipeLines GP, Inc., its General Partner

By: /s/ Chuck Morris
Name: Chuck Morris
Title: Treasurer

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

Appendix 1

**COUNTERPART AND FIRST AMENDMENT TO THE
THIRD AMENDED AND RESTATED LIMITED PARTNERSHIP
AGREEMENT OF IROQUOIS GAS TRANSMISSION SYSTEM, L.P.**

THIS COUNTERPART AND FIRST AMENDMENT TO THE THIRD AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF IROQUOIS GAS TRANSMISSION SYSTEM, L.P. (this "**Counterpart**") is effective as of the as of 12:01 a.m. Eastern time on June 1, 2017 (the "**Effective Date**") by and among (i) TransCanada Iroquois Ltd. (hereinafter called "**TCIL**"), a corporation organized under the laws of the State of Delaware, with its principal offices and address at 700 Louisiana Street, Suite 700, Houston, Texas 77002-2700; (ii) TCPL Northeast Ltd. (hereinafter called "**TCPL**"), a corporation organized under the laws of the State of Delaware, with its principal offices and address at 700 Louisiana Street, Suite 700, Houston, Texas 77002-2700; (iii) Dominion Iroquois, Inc. ("**Dominion Iroquois**"), a corporation organized under the laws of the State of Delaware, with its principal offices and address at 445 West Main Street, Clarksburg, West Virginia 26302; (iv) Iroquois GP Holding Company, LLC (hereinafter called "**DMLP**"), a limited liability company organized under the laws of the State of Delaware, with its principal offices and address at 120 Tredegar Street, Richmond, Virginia 23219; and (v) TC PipeLines Intermediate Limited Partnership, a limited partnership organized under the laws of the State of Delaware, with its principal offices and address at 700 Louisiana Street, Suite 700, Houston, Texas 77002-2700 ("**TC PipeLines**"). The above-named entities are sometimes referred to in this Counterpart individually as a "**Party**," and collectively as the "**Parties.**"

WHEREAS, TCIL, TCPL, Dominion Iroquois, and DMLP currently constitute all of the partners (the "**Current Partners**") in Iroquois Gas Transmission System, L.P, a limited partnership formed on December 11, 1989 upon the filing of the Certificate of Limited Partnership with the Secretary of State of the State of Delaware (the "**Partnership**") and are the parties to the Third Amended and Restated Limited Partnership Agreement of Iroquois Gas Transmission System, L.P., as amended (the "**Partnership Agreement**"); and

WHEREAS, effective as of the Effective Date, TCIL and TCPL respectively assigned and transferred 100% of the entire 2l% limited partner interest held by TCPL, the entire 25% general partner interest held by TCIL, and a 3.34% limited partner interest held by TCIL, equaling a total 49.34% partnership interest in the Partnership, to TC PipeLines, pursuant to an Agreement for Purchase and Sale of Partnership Interest In Iroquois Gas Transmission System, L.P., dated as of May 3, 2017 and an Assignment and Assumption Agreement, dated as of June 1, 2017 (herein collectively referred to as the "**TC PipeLines Purchase Agreements**");

WHEREAS, under Section 11.4 of the Partnership Agreement, TC PipeLines shall automatically be admitted as a Partner (as defined in the Partnership Agreement) upon execution of a counterpart to the Partnership Agreement; and

WHEREAS, the Current Partners wish to amend the Partnership Agreement to reflect the foregoing transactions.

NOW THEREFORE, in consideration of the mutual covenants, agreements and promises as hereinafter set forth and for other good and valuable consideration the receipt and sufficiency of

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which is hereby acknowledged, the Parties, intending to be legally bound, mutually covenant and agree as follows:

1. Pursuant to Section 11.4 of the Partnership Agreement, by execution of this Counterpart to the Partnership Agreement, TC PipeLines is admitted to the Partnership and agrees to be bound by and subject to the terms of the Partnership Agreement.

2. Definitions. Capitalized terms used but not defined in this Counterpart (including in the recitals above) shall have the meanings assigned to such terms in the Partnership Agreement.

3. Revised Percentage Interests. The Current Partners acknowledge that, as of the Effective Date, the Partnership Agreement is hereby amended by substituting Schedule A, attached hereto, for the same schedule currently attached to the Partnership Agreement.

4. Release of Seller: Effective as of the date hereof, each of the Partnership and each Partner thereto release and forever discharge TCPL from its obligations under the Partnership Agreement.

5. TC PipeLines' Members of Management Committee: Pursuant to Section 9.2.1 of the Partnership Agreement, TC PipeLines hereby designates James Eckert and Tracy Robinson as its Representatives to the Management Committee, and Janine M. Watson as its Alternate Representative to the Management Committee.

6. Amendments to the Partnership Agreement. The Partnership Agreement is hereby amended as follows, with effect from and after the Effective Date. The Parties acknowledge and agree that these amendments are made for the convenience of the Parties and are not required in order to give effect to the transactions described above:

    (a) In the opening paragraph the following shall be deleted, "(ii) TCPL Northeast Ltd. (hereinafter called "TCPL"), a corporation organized under the laws of the State of Delaware, with its principal offices and address at 700 Louisiana Street, Suite 700, Houston, Texas 7702-2700" and is replaced with, "(ii) TC Pipelines Intermediate Limited Partnership ("TC Pipelines"), a Delaware limited partnership with its principal offices and address at 700 Louisiana Street, Suite 700, Houston, TX 77002."

    (b) The following shall be added as a new Recital F: "With effect from and after June 1, 2017, the partnership interests held by TCPL Northeast Ltd., and a portion of the partnership interests held by TCIL, have been assigned to TC Pipelines."

    (c) The reference to "TCIL" in 1.1 is hereby deleted and shall be replaced with, "TC Pipelines."

    (d) The reference to "TCPL" in 1.2 is hereby deleted and shall be replaced with "TC Pipelines."

    (e) In Section 2, under the term, "Affiliate" the reference to "TCPL" shall be deleted and shall be replaced with "TC Pipelines."

    (f) In the Section 2, the term "TCPL" and its definition shall be deleted in its entirety and be replaced with the following, "TC Pipelines. 'TC Pipelines' means TC PipeLines Intermediate Limited Partnership."

    (g) The second sentence of Section 8.6.2 is amended to read as follows: "The Tax Matters Partner as of June 1,2017 shall be TC Pipelines."

    (h) The second sentence of Section 9.2.2 is amended to read as follows: "The office of the Chairman shall be rotated annually between a Representative appointed by DMLP or its Affiliates and a Representative appointed by TC Pipelines or its Affiliates."

    (i) Section 13.2 of the Partnership Agreement shall be amended to state as follows:

    Notices. Notice to all Partners shall be deemed to be notice to the Partnership. If any Partner receives a notice to or on behalf of the Partnership, such Partner shall immediately transmit such notice to all Partners. Any notice hereunder shall be in writing and shall be delivered (as applicable) by hand, by nationally recognized overnight carrier service, by e-mail confirmed by another method of notice provided for herein, or by first class, certified or registered mail, to the parties at the addresses shown below:

    If to TCIL:

    TransCanada Iroquois Ltd.
    700 Louisiana Street
    Suite 700
    Houston, Texas 77002-2700
    Attention: Corporate Secretary
    E-mail: jon_dobson@transcanada.com

    If to TC PipeLines:

    TC PipeLines Intermediate Limited Partnership
    700 Louisiana Street
    Suite 700
    Houston, Texas 77002-2700
    Attention: Corporate Secretary

E-mail: jon_dobson@transcanada.com

If to Dominion Iroquois:

Dominion Iroquois, Inc.
c/o Dominion Energy, Inc.

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120 Tredegar Street
Richmond, Virginia 23220
Attention: General Counsel
E-mail: carlos.m.brown@dominionenergy.com

If to DMLP:

Iroquois GP Holding Company, LLC
c/o Dominion Energy Midstream Partners, LP
120 Tredegar Street
Richmond, Virginia 23220
Attention: General Counsel
E-mail: carlos.m.brown@dominionenergy.com

Each notice that satisfies the above requirements shall be deemed to have been properly given or delivered: (a) on the day when delivered by hand; (b) on the first business day after being deposited with a nationally recognized overnight courier; (c) on the day when transmitted by e-mail; or (d) on the third business day after being mailed by United States first class mail, certified mail or registered mail, return receipt requested, postage prepaid. A party may elect to receive notices at a different address by notifying the other parties in accordance with the preceding requirements. Any Partner may request that copies of notices be given to any Affiliate at such address designated by such Partner by written notice to each other Partner and to the Partnership, provided that any failure to give such notice shall not affect the validity of any notice given to any Partner or the Partnership in accordance with this Section 13.2. Each of the Partners agrees to give such notice to any such Affiliate.

7. Effect on Partnership Agreement. Except as expressly set forth herein, the Partnership Agreement and all of the representations, warranties, covenants and agreements contained therein remain in full force and effect for the benefit of the parties thereto and hereto, and their permitted successors and assigns.

8. Further Assurances. Each of the Parties agrees to execute and deliver all such other additional instruments and documents and to do such other acts and things as may be reasonably necessary to effectuate this Counterpart. The Parties hereby authorize the Operator, on behalf of the Partnership, to execute and file Amended and Restated Certificates of Limited Partnership to the extent necessary to reflect the withdrawal of TCPL as a limited partner, the withdrawal of TCIL as a general partner, and the addition of TC Pipelines as a general partner.

9. Counterparts. This Counterpart may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[*Signature Page follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Counterpart to be executed and attested by their duly authorized representatives effective as of the date first set forth above.

TC PIPELINES INTERMEDIATE LIMITED PARTNERSHIP
by TC PIPELINES GP INC.,
its General Partner

By : /s/ Brandon M. Anderson
Name: Brandon M. Anderson
Title: President

By : /s/ Jon A. Dobson

Name: Jon A. Dobson
Title: Secretary

TRANSCANADA IROQUOIS LTD.

By : /s/ Jasmin Bertovic
Name: Jasmin Bertovic
Title: Vice President

By : /s/ James R. Eckert
Name: James R. Eckert
Title: VP U.S. Commercial Marketing

TCPL NORTHEAST LTD.

By : /s/ Jasmin Bertovic
Name: Jasmin Bertovic
Title: Vice President

By : /s/ James R. Eckert
Name: James R. Eckert
Title: VP U.S. Commercial Marketing

DOMINION IROQUOIS, INC.

By : /s/ Donald R. Raikes
Name: Donald R. Raikes
Title: Senior Vice President

IROQUOIS GP HOLDING COMPANY, LLC

By : /s/ James R. Chapman
Name: James R. Chapman
Title: Senior Vice President
Mergers & Acquisitions and Treasurer

SCHEDULE A

PERCENTAGE INTERESTS

PARTNERSHIP INTERESTS

Partner	Affiliation	Percentage Interest		
		General	Limited	Total
TC PipeLines Intermediate Limited Partnership	TransCanada PipeLines Limited	25.00	24.34	49.34
TransCanada Iroquois Ltd.	TransCanada PipeLines Limited	0.00	0.66	0.66
Dominion Iroquois, Inc.	Dominion Energy, Inc.	0.00	24.07	24.07
Iroquois GP Holding Company, LLC	Dominion Energy Midstream Partners, LP	25.00	0.93	25.93
	Total:	50.00	50.00	100.00

Exhibit 4.1

Execution Version

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

$275,000,000

Senior Secured Notes due 2018

NOTE PURCHASE AGREEMENT

Dated as of April 10, 2003

TABLE OF CONTENTS

PORTLAND NATURAL GAS TRANSMISSION SYSTEM
One Harbour Place, Suite 375
Portsmouth, New Hampshire 03801

Senior Secured Notes due 2018

Dated as of April 10, 2003
TO EACH OF THE INITIAL
NOTEHOLDERS LISTED IN THE
ATTACHED SCHEDULE A

Ladies and Gentlemen:

PORTLAND NATURAL GAS TRANSMISSION SYSTEM, a Maine general partnership (the "Issuer"), agrees with the purchasers on the attached Schedule A (the "Initial Noteholders") as follows:

1. AUTHORIZATION OF NOTES.

The Issuer will authorize the issue and sale of $275,000,000 aggregate principal amount of its Senior Secured Notes due 2018 (the "Notes"), such term to include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement. The Notes shall be substantially in the form set out in Exhibit 1 with such changes therefrom, if any, as may be approved by the Initial Noteholders and the Issuer in accordance with this Agreement Capitalized terms used in this Agreement are defined in Schedule B. The rules of interpretation set forth in Schedule B shall apply to this Agreement.

2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Issuer will issue and sell to each Initial Noteholder and each Initial Noteholder will purchase from the Issuer, at the Closing provided for in Section 3, Notes in the principal amount specified opposite such Initial Noteholder's name in Schedule A at the purchase price of 100% of the principal amount thereof Each Initial Noteholder's obligations hereunder are several and not joint and no Initial Noteholder shall have any obligation or liability to any Person for the performance or non-performance by any other Noteholder hereunder.

3. CLOSING.

The sale and purchase of the Notes to be purchased by each Initial Noteholder shall occur at the offices of Dewey Ballantine LLP, 1301 Avenue of the Americas, New York, New York, 10019, at 10:00 am, New York time, at a closing (the "Closing") on April 10, 2003 or on such other Business

Day thereafter on or prior to April 15, 2003 as may be agreed upon by the Issuer and each Initial Noteholder. At the Closing, the Issuer will deliver to each Initial Noteholder the Notes to be purchased by such Initial Noteholder in the form of a single Note (or such greater number of Notes in denominations of at least $250,000 as such Initial Noteholder may reasonably request) dated the date of the Closing and registered in such Initial Noteholder's name (or in the name of such Initial Noteholder's nominee), against delivery by such Initial

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Noteholder to the Issuer or its order in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Issuer to account number 522-59366 (Ref Portland Natural Gas Transmission System) at Fleet National Bank, Boston, Massachusetts, ABA Number 011000138. If at the Closing, the Issuer shall fail to tender such Notes to any Initial Noteholder as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to any Initial Noteholder's satisfaction, such Initial Noteholder shall, at such Initial Noteholder's election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Initial Noteholder may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

The obligation of each Initial Noteholder to purchase and pay for the Notes to be sold to such Initial Noteholder at the Closing is subject to the fulfillment to such Initial Noteholder's satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Issuer in this Agreement and in the other Financing Agreements shall be true and correct when made and at the time of the Closing. The statements of the Issuer and its respective officers or Authorized Representatives made in any certificates delivered pursuant to this Agreement or any other Financing Agreement shall be true and correct when made and on and as of the Closing Date.

4.2. Performance; No Default.

The Issuer shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing, and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 9 8), no Default or Event of Default shall have occurred and be continuing Neither the Issuer not PNGTS Operating Co. shall have entered into any transaction since the date of the Private Placement Memorandum that would have been prohibited by Section 10 had such Section applied since such date.

4.3. Compliance Certificates.

(a) Officer's Certificate. The Issuer shall have delivered to such Noteholder or its counsel an Officer's Certificate, in form and substance reasonably satisfactory to such Initial Noteholder, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2, 4.9, 4.11 and 4.12 have been fulfilled.

(b) Secretary's Certificate. The Issuer shall have delivered to such Noteholder or its counsel a certificate signed by an Authorized Representative of the Issuer, in form and substance reasonably satisfactory to such Noteholder certifying as to the Partnership Agreement, the good standing of the Partnership in each jurisdiction in which the Pipeline is located, the management committee resolutions attached thereto and other partnership proceedings relating to the authorization, execution and delivery of the Notes, this Agreement and the other Financing Agreements.

4.4. Opinions of Counsel.

Such Noteholder and its counsel shall have received opinions in form and substance satisfactory to such Noteholder, dated the date of the Closing (a) from (i) Bingham McCutehen LLP, special counsel for the Issuer substantially in the form of Exhibit 4.4(a)(i), (ii) David K. Moynihan, Esq.., General Counsel of the Issuer, substantially in the form of Exhibit 4.4(a)(ii), (iii) Perkins, Thompson, Hinckley & Keddy, Maine counsel for the Issuer substantially in the form of Exhibit 4.4(a)(iii), (iv) Gallagher, Callahan & Gartrell, New Hampshire and Vermont counsel for the Issuer, substantially in the form of Exhibit 4.4(a)(iv), and each covering such other matters incident to the transactions contemplated hereby as may be reasonably requested (and the Issuer hereby instructs its counsel to deliver such opinions to such Noteholder), (b) from Dewey Ballantine LLP, special counsel to the Noteholders in connection with such transactions and covering such matters incident to such transactions as such Noteholders may reasonably request, (c) from counsel to each of the Initial Shippers and each of the Initial Shipper Guarantors in connection with each such Person's Consent substantially in the form attached to each such Consent and coveting such other matters incident to the transactions contemplated hereby as may be reasonably requested (and the Issuer will cause such counsel to deliver such opinions to such Noteholder), (d) from counsel to each of the Partners in connection with each Pledge Agreement substantially in the form attached to such Pledge Agreement and covering such other matters incident to the transactions contemplated hereby as may be reasonably requested (and the Issuer will cause such counsel to deliver such opinions to such Noteholder) and (e) from counsel to each of the guarantors providing a Debt Service Reserve Guaranty on the Closing Date in form and substance satisfactory to such Noteholder or its counsel and each covering such matters incident to the transactions contemplated hereby as may be reasonably requested (and the Issuer will cause such counsel to deliver such opinions to such Noteholder).

4.5. Purchase Permitted By Applicable Law, etc.

On the date of the Closing such Noteholder's purchase of Notes shall (a) be permitted by the Law of each jurisdiction to which such Noteholder is subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable Law (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System), and (c) not subject such Noteholder to any tax, penalty or liability under or pursuant to any applicable Law, which Law was not in effect on the date hereof.. If requested by such Noteholder, such Noteholder shall have received an Officer's Certificate certifying as to such matters of fact as such Noteholder may reasonably specify to enable such Noteholder to determine whether such purchase is so permitted.

4.6. Related Transactions.

Contemporaneously with the Closing, the Issuer shall have consummated the sale of the entire principal amount of the Notes scheduled to be sold on the Closing Date pursuant to this Agreement.

4.7. Payment of Special Counsel Fees.

Without limiting the provisions of Section 15.1, the Issuer shall have paid on or before the Closing the then reasonable accrued but unpaid fees, charges and disbursements of special counsel to the Initial Noteholders referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Issuer at least three Business Days prior to the Closing.

4.8. Private Placement Number.

A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

4.9. Changes in Structure.

The Issuer shall not have changed its jurisdiction of organization or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity since December 31, 2002.

4.10. Proceedings and Documents.

All partnership and other proceedings in connection with the transactions contemplated by this Agreement and the other Financing Agreements and all documents and instruments incident to such transactions shall be reasonably satisfactory to such Noteholder and the special counsel to the Noteholders, and such Noteholder and the special counsel to the Noteholders shall have received all such counterpart originals or certified or other copies of such documents as such Noteholder or such counsel to the Noteholders may reasonably request.

4.11. No Material Adverse Change.

Subsequent to December 31, 2002, no event or condition shall have occurred or existed which event or condition has had or could reasonably be expected to have a Material Adverse Effect.

4.12. No Legal Impediment to Issuance.

No action shall have been taken or be threatened, and no statute, rule, regulation or order shall have been enacted, adopted or issued by any Governmental Authority that would, as of the Closing Date, prevent the issuance or sale of the Notes; and no injunction or order of any other nature by any Governmental Authority shall have been issued or shall be pending or threatened that would, as of the Closing Date, prevent or suspend the issuance or sale of the Notes.

4.13. Good Standing.

Such Noteholder or its counsel shall have received on or prior to the Closing Date satisfactory evidence of the good standing of the Issuer and PNGIS Operating Co, in their respective jurisdictions of organization and their good standing in such other jurisdictions as

such Noteholder or its counsel may reasonably request, in each case, as available in the case of the Issuer, in writing or any standard form of telecommunication, from the appropriate Governmental Authorities of such jurisdictions.

4.14. Financing Agreements.

Each of the Financing Agreements shall have been duly executed and delivered to such Noteholder or its counsel and be in full force and effect.

4.15. Project Agreements.

Such Noteholder or its counsel shall have received copies of all Project Agreements, duly executed by each of the parties thereto, accompanied by a certificate from an Authorized Representative of the Issuer to the effect that: (a) such copies are true, complete and correct; (b) to the best of its knowledge, each such Project Agreement is in full force and effect; (c) there are no agreements, side letters, amendments or other documents to which it (or to the best of its knowledge any other Person) is a party that are not included in the definition of Project Agreements that has the effect of modifying or supplementing in any material respect any of the respective rights or obligations of the Issuer under any such Project Agreements, and (d) to the best of its knowledge no patty to any such Project Agreement is in default thereunder.

4.16. Independent Engineer's Report

Such Noteholder or its counsel shall have received a copy, certified as true and correct by the Issuer, of a certificate from the Independent Engineer addressed to the Issuer, consenting to the inclusion of the Independent Engineer's Report in the Private Placement Memorandum and confirming the accuracy of the information contained in the Independent Engineer's Report.

4.17. Independent Market Consultant's Report.

Such Noteholder or its counsel shall have received a certificate from the Independent Market Consultant addressed to the Noteholders, consenting to the inclusion of the Independent Market Consultant's Report in the Private Placement Memorandum and confirming the accuracy of the information contained in the Independent Market Consultant's Report.

4.18. Insurance.

Such Noteholder or its counsel shall have received (a) a copy of the report addressed to the Noteholders, from Marsh USA, Inc. (the "Insurance Consultant"), stating that all insurance policies required by Section 9.6 have been obtained, are adequate to protect the Issuer and PNGTS Operating Co. and their respective properties and businesses, are fully paid and in full force and effect and contain all the respective provisions required to be contained therein under Section 9.6, and (b) a certificate of an Authorized Representative of the Insurance Consultant certifying that the insurance specified in such certificate is in full force and effect, that such insurance complies with Section 9.6 and that all premiums on such insurance are current.

4.19. Approvals.

Such Noteholder or its counsel shall have received evidence that (a) all material governmental approvals with respect to the Issuer, its business, its assets or its execution, delivery and performance of the Transactions Documents to which it is a party shall have been received and are in full force and effect, (b)(i) the FERC has issued a final order accepting the settlement of the Rate Case and has accepted the Issuer's FERC filing implementing the settlement rates reached in such rate case, and (ii) the time frame for any Person to have made any challenge or objection to such order shall have passed and no such challenge or objection shall have been filed, and (c) the M&N Settlement Agreement shall have become effective and the "Closing" (as such term is defined in such settlement agreement) shall have occurred, each in accordance with the terms thereof.

4.20. Uniform Commercial Code Filings.

Such Noteholder or its counsel shall have received satisfactory evidence (including copies of all related Uniform Commercial Code filings and lien searches in each relevant jurisdiction) that (i) all liens on the Property of the Issuer granted in connection with the Construction Credit Agreement have been irrevocably and finally released and (ii) all Uniform Commercial Code filings and all other actions necessary to perfect the Collateral Agent's liens on the collateral identified in the Security Documents have been made or taken.

4.21. Financial Statements of Shippers and Shipper Guarantors.

Such Noteholder or its counsel shall have received copies of the most recently audited financial statements of the Issuer, each of the Initial Shippers and each of the Initial Shipper Guarantors, together with a certificate indicating that since the date of such financial statements, no material adverse change has occurred with respect to the consolidated assets, liabilities, operations or financial condition of the Issuer, such Initial Shipper or Initial Shipper Guarantor; *provided, however,* that the requirement to provide a certificate under this Section 4.21 shall be deemed satisfied with respect to Initial Shippers or Initial Shipper Guarantors which are not Affiliates of the Issuer if such Noteholder receives evidence satisfactory to such Noteholder that the Issuer has requested such certificate and made further diligent efforts, satisfactory to such Noteholder, to obtain such certificate.

4.22. Rating Letter.

Such Noteholder or its counsel shall have received a rating letter, dated on or prior to the Closing Date, from S&P, assigning an Investment Grade Rating to the Notes; *provided, however,* that, to the extent such letter is dated prior to the Closing Date no Ratings Downgrade shall have occurred with respect to the rating assigned to the Notes in such letter.

4.23. Notice of Prepayment.

(a) Such Noteholder or its counsel shall have received a copy of the notice to prepay the indebtedness outstanding under the Construction Credit Agreement, which notice shall have been delivered by the Issuer to the administrative agent under the Construction Credit Agreement in accordance with the terms thereof; and

(b) Such Noteholder or its counsel shall have received a copy of the Payoff Letter duly executed by each of the parties thereto.

4.24. Accounts.

Such Noteholder or its counsel shall have received satisfactory evidence that the Accounts have been established.

4.25. Additional Documents.

On or prior to the Closing Date, the Issuer shall have furnished to such Noteholder or its counsel such further certificates and documents as such Noteholder or its counsel may reasonably request within a reasonable period prior to the Closing Date.

5. REPRESENTATIONS AND WARRANTIES OF THE ISSUER.

The Issuer represents and warrants to each Initial Noteholder that:

5.1. Organization; Power and Authority.

The Issuer is a general partnership duly organized, validly existing and in good standing under the laws of the State of Maine, and is duly qualified and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Issuer has the requisite power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement, the Notes and the other Transaction Documents to which it is a party and to perform the provisions hereof and thereof.

5.2. Authorization, etc.

This Agreement, the Notes and the other Transaction Documents to which the Issuer is a party have been duly authorized by all necessary action on the part of the Issuer, and this Agreement and the other Transaction Documents to which the Issuer is a party constitute, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

5.3. Disclosure.

The Issuer, through its agent, J.P. Morgan Securities Inc., has delivered to each Initial Noteholder, or an affiliate thereof, a copy of the Private Placement Memorandum relating to the transactions contemplated hereby. The Private Placement Memorandum fairly describes, in all material respects, the general nature of the business of the Issuer and PNGTS Operating Co. This Agreement, the Private Placement Memorandum, and the documents, certificates and

other writings, if any, identified in Schedule 5.3, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Private Placement Memorandum or in one of the documents, certificates or other writings identified in Schedule 5.3, since December 31, 2002, there has been no change in the financial condition, operations, business, prospects or properties of the Issuer or PNGTS Operating Co. except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Issuer that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Private Placement Memorandum or in the other documents, certificates and other writings delivered to such Noteholder by or on behalf of the Issuer specifically for use in connection with the transactions contemplated hereby.

5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates.

(a) Schedule 5.4 contains complete and correct lists of (i) with regard to PNGTS Operating Co., the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its equity interests outstanding and (ii) the Issuer's and PNGTS Operating Co.'s senior officers.

(b) All of the outstanding equity interests of PNGTS Operating Co. shown in Schedule 5.4 have been validly issued, are fully paid and nonassessable and are owned by each Person owning such equity interests identified in Schedule 5.4, free and clear of any Lien (except as otherwise disclosed in Schedule 5.4).

(c) PNGTS Operating Co. is the Issuer's only Subsidiary, and is a limited liability company duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign limited liability company and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. PNGTS Operating Co. has the limited liability company or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) PNGTS Operating Co. is not a party to, or otherwise subject to any legal restriction or any agreement restricting its ability to pay dividends out of profits or make any other similar distributions of profits to the Issuer.

5.5. Financial Statements.

The Issuer has delivered to such Noteholder copies of the financial statements of the Issuer and PNGTS Operating Co. listed in Schedule 5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Issuer and of PNGTS Operating Co. as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP

consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments).

5.6. No Conflicts.

The execution, delivery and performance by the Issuer and PNGTS Operating Co., of each of the Transaction Documents to which it is a party, the issuance and sale of the Notes by the Issuer and compliance by the Issuer with the terms thereof and the consummation of the transactions contemplated by the Transaction Documents will not (a) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Issuer or PNGTS Operating Co., pursuant to any indenture, mortgage, deed of trust, loan agreement, natural gas transportation contract, operation and maintenance agreement, construction contract or other agreement or instrument to which the Issuer or PNGTS Operating Co., is a party or by which the Issuer or PNGTS Operating Co. is bound or

to which any of the property or assets of the Issuer or PNGTS Operating Co., is subject to (assuming the Issuer uses the proceeds of the sale of the Notes as set forth in Section 9.8), (b) result in any violation of the provisions of the partnership agreement, limited liability company operating agreement, by-laws or similar organizational documents of the Issuer or PNGTS Operating Co., or (c) result in the violation of any Law or regulation of any court or arbitrator or Governmental Authority, except, in the case of clauses (a) and (c) above, for any such conflict, breach or violation that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.7. No Consents Required.

No consent, approval, authorization, order, registration or qualification of or with any court or arbitrator or Governmental Authority (a) is required for the execution, delivery and performance by the Issuer of each of the Financing Agreements to which it is a party, the issuance and sale of the Notes and compliance by the Issuer with the terms thereof and the consummation of the transactions contemplated by the Financing Agreements, and (b) to the best knowledge of the Issuer, is required for the execution, delivery and performance by the Issuer or PNGTS Operating Co., of each of the Project Documents to which the Issuer or PNGTS Operating Co., is a party, and compliance by the Issuer and PNGTS Operating Co., with the terms thereof and the consummation of the transactions contemplated thereby, other than those obtained as of the date hereof.

5.8. Litigation; Observance of Agreements, Statutes and Orders.

(a) Except as disclosed in Schedule 5.8, there are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer or PNGTS Operating Co., or any property of the Issuer or PNGTS Operating Co., in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Issuer nor PNGTS Operating Co., is in default under any term of any agreement or instrument to which it is a party or by which it is bound or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any

applicable law, ordinance, rule or regulation (including, without limitation, Environmental Laws) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.9. Taxes.

The Issuer and PNGTS Operating Co. have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which is not individually or in the aggregate Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate means and with respect to which the Issuer or PNGTS Operating Co., as the case may be, has established adequate reserves in accordance with GAAP. The Issuer has no knowledge of any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Issuer and PNGTS Operating Co., in respect of all taxes for all fiscal periods are adequate in all material respects. The Issuer is not taxable for Federal income tax purposes.

5.10. Title to Real and Personal Property.

The Issuer and PNGTS Operating Co. have good title in fee simple to, or have valid rights to lease or use, by easement or otherwise, all items of real and personal property that are material to the respective businesses of the Issuer and PNGTS Operating Co., in each case free and clear of all liens, encumbrances, claims and defects and imperfections of title except those that (a) do not materially interfere with the use made and proposed to be made of such property by the Issuer and PNGTS Operating Co., (b) exist in connection with the Construction Credit Agreement, (c) could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, or (d) constitute Permitted Liens.

5.11. Licenses, Permits, etc.

Except as disclosed in Schedule 5.11,

(a) the Issuer and PNGTS Operating Co. own or possess all licenses, permits, certificates, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, without known conflict with the lights of others and neither the Issuer nor PNGTS Operating Co. has received notice of any revocation or modification of any such license, permit, certificate, authorization, patent, copyright, service mark, trademark or trade name or has received any notice that any such license, permit, franchise, authorization, patent, copyright, service mark, trademark or trade name will not be renewed in the ordinary course of business;

(b) the Issuer and PNGTS Operating Co. have made all declarations and filings with the appropriate Governmental Authorities that are necessary for the ownership or lease of their respective Properties or the conduct of their respective businesses as described in the Private Placement Memorandum, except where the failure to possess or make the same could not, individually or in the aggregate, have a Material Adverse Effect;

(c) to the knowledge of the Issuer, no product of the Issuer or of PNGTS Operating Co. infringes in any material respect on any license, permit, franchise, authorization, patent, copyright, service mark, trademark, trade name or other right owned by any other Person; and

(d) to the knowledge of the Issuer, there is no violation by any Person of any right of the Issuer or of PNGTS Operating Co., with respect to any patent, copyright, service mark, trademark, trade name or other right owned or used by the Issuer or PNGTS Operating Co.

5.12. Compliance with ERISA.

(a) The Issuer, PNGTS Operating Co. and each of their respective ERISA Affiliates have operated and administered each Plan in compliance with all applicable Laws except for such instances of noncompliance as have not resulted in and would not reasonably be expected to result in a Material Adverse Effect Neither the Issuer, PNGTS Operating Co., nor any of their respective ERISA Affiliates has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Issuer, PNGTS Operating Co., or any of their respective ERISA Affiliates, or in the imposition of any Lien on any of the rights, properties or assets of the Issuer, PNGTS Operating Co. or any of their respective ERISA Affiliates, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans subject to Title IV of ERISA (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for termination purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term "benefit liabilities" has the meaning specified in section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in section 3 of ERISA.

(c) The Issuer, PNGTS Operating Co. and their respective ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation to employees (determined as of the last day of the Issuer's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Issuer and PNGTS Operating Co. is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes to such Noteholder hereunder does 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. The representation by the Issuer in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of such Noteholder's representation in Section 6.2 as to the sources of the funds to be used to pay the purchase price of the Notes to be purchased by such Noteholder.

5.13. Private Offering by the Issuer.

Neither the Issuer nor anyone acting on its behalf has offered the Notes or any similar securities for sale to; or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than the Initial Noteholders and not more than 75 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Issuer nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act.

5.14. Use of Proceeds; Margin Regulations.

The Issuer will apply the proceeds of the sale of the Notes as set forth in Section 9.8. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221) ("Regulation U"), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Issuer in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). The Issuer owns no margin stock and has no present intention to acquire any margin stock. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

5.15. Existing Debt; Future Liens.

(a) Schedule 5.15 sets forth a complete and correct list of all Debt of the Issuer and PNGTS Operating Co. as of the date hereof, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Issuer or PNGTS Operating Co., Neither the Issuer nor PNGTS Operating Co., is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Issuer or PNGTS Operating Co., and no event or condition exists with respect to any Debt of the Issuer or PNGTS Operating Co., that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Neither the Issuer nor PNGTS Operating Co., has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its Property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.4.

5.16. Foreign Assets Control Regulations, etc.

Neither the sale of the Notes by the Issuer hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto. The Issuer is not a Person or entity described in Section 1 of the Anti-Terrorism Order or described in the Department of the Treasury Rule, and does not, to the knowledge of the Issuer, engage in any dealings or transactions, nor is it otherwise associated, with any such Persons or entities.

5.17. Solvency.

The Issuer is, and upon giving effect to the issuance of the Notes will be, a "solvent institution", as said term is used in Section 1405(c) of the New York Insurance Law, whose "obligations… are not in default as to principal or interest", as said terms are used in said Section 1405(c).

5.18. No Violation or Default.

Neither the Issuer nor PNGTS Operating Co., is (a) in violation of its partnership agreement, limited liability company operating agreement, by-laws or similar organizational documents; (b) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any mortgage, deed of trust, loan agreement, natural gas transportation contract, operation and maintenance agreement, construction contract or other agreement or instrument to which the Issuer or PNGTS Operating Co., is a party or by which the Issuer or PNGTS Operating Co., is bound or to which any of the property or assets of the Issuer or PNGTS Operating Co., is subject (assuming the Issuer uses the proceeds of the sale of the Notes as set forth in Section 9.8); or (c) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (b) and (c) above, for any such default or violation that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.19. Affiliate Transactions.

With the exception of the Material Agreements, neither the Issuer nor PNGTS Operating Co., has entered into any agreement, arrangement or understanding with any Affiliate other than those which are on terms no less favorable to such party than if the transaction had been negotiated in good faith on an arm's-length basis with any Person who is not an Affiliate.

5.20. Independent Accountants

PricewaterhouseCoopers LLP, who have certified the financial statements of the Issuer and PNGTS Operating Co. for the fiscal year ended December 31, 2002, are independent public accountants with respect to the Issuer and PNGTS Operating Co., within the meaning of Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants and its interpretations and rulings thereunder. Arthur Andersen LLP, who have certified the financial statements of the Issuer and PNGTS Operating Co., for the fiscal years

ended December 31, 1999, 2000, and 2001, were, at the time they provided their accounting services to the Issuer, independent public accountants with respect to the Issuer and PNGTS Operating Co., within the meaning of Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants and its interpretations and rulings thereunder.

5.21. Investment Company Act

Neither the Issuer nor PNGTS Operating Co., is, and after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as set forth in Section 9.8, neither of them will be, an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act.

5.22. Material Agreements.

The list of contracts, agreements and instruments set forth on Schedule 5.22 hereto (collectively, the "Material Agreements") constitutes a complete and accurate list of all material gas transportation contracts, operation and maintenance agreements, construction contracts, or other material contracts, agreements or instruments to which the Issuer or PNGTS Operating Co., is a party or by which the Issuer or PNGTS Operating Co., is bound or to which any of the property or assets of the Issuer or PNGTS Operating Co., is subject other than the documents listed on Schedule 5.15. The Material Agreements have been duly authorized, executed and delivered by the Issuer or PNGTS Operating Co., as the case may be, and constitute valid and legally binding agreements of the Issuer or PNGTS Operating Co., as the case may be, enforceable against the Issuer or PNGTS Operating Co., as the case may be, in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally. Each Material Agreement conforms in all material respects to the description thereof, if any, contained in the Private Placement Memorandum.

5.23. Insurance.

The Issuer and PNGTS Operating Co., have insurance with Reputable Insurers covering their respective 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 the Issuer conducts its business, in such amounts and with such deductibles as is customary for similarly situated companies; and neither the Issuer nor PNGTS Operating Co., has (a) received 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 or (b) any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at commercially available rates from similar insurers as may be necessary to continue its business.

5.24. Compliance With Environmental Laws.

Except as set forth on Schedule 5.24, the Issuer and PNGTS Operating Co., (a) are in compliance with any and all Environmental Laws, (b) have received and are in compliance with all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses; and (c) have not received notice of any actual or

potential liability for the violation of, or noncompliance with any Environmental Laws, or the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants under any Environmental Laws, except in any such case for any such failure to comply

with, or failure to receive, required permits, licenses or approvals or liability, as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.25. No Environmental Violation.

There has been (a) no storage, generation, transportation, handling, treatment, disposal, discharge, emission or other release of any kind of Hazardous Substances, by the Issuer or PNGTS Operating Co., (or, to the best knowledge of the Issuer, by any other entity (including any predecessor) for whose acts or omissions the Issuer or PNGTS Operating Co., is liable) (i) upon any of the property now or previously owned or leased in whole or in part by the Issuer or PNGTS Operating Co., or (ii) upon any other property, in either case, in violation of any Environmental Law or that could give rise to any liability under any Environmental Law, except, in each case, for any violation or liability that could not reasonably be expected to have, individually or in the aggregate with all such other violations and liabilities, a Material Adverse Effect; and (b) to the best knowledge of the Issuer, no disposal, discharge, emission or other release onto the Issuer's or PNGTS Operating Co.'s property or into the environment surrounding such property of any such Hazardous Substances except for any such disposal, discharge, emission or other release which could not reasonably be expected to have, individually or in the aggregate with all such discharges and other releases, a Material Adverse Effect.

5.26. Joint Facilities.

(a) Other than claims resolved in the M&N Settlement Agreement, no claim has been asserted (i) against M&N or any of its Affiliates by the Issuer or PNGTS Operating Co., or (ii) against the Issuer or PNGTS Operating Co., by M&N or any of its Affiliates, in either case, under the Joint Facility Agreements that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) No labor disturbance or dispute with the employees of M&N Operating Company exists or, to the best knowledge of the Issuer and PNGTS Operating Co., is contemplated or threatened that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(c) The M&N Settlement Agreement has become effective and the "Closing" (as such term is defined in the M&N Settlement Agreement) has occurred, each in accordance with the terms thereof.

5.27. Rate Case.

The FERC final order approving the Rate Case constitutes a final and nonappealable order, not subject to further rehearing, appeal or review. The Settlement Agreement constitutes a valid and legally binding agreement of the Issuer enforceable against the Issuer in accordance with its terms.

5.28. Projections.

The Issuer, jointly with Independent Engineer, has developed an economic pro forma model which is attached to the Independent Engineer's Report included in the Private Placement Memorandum as Exhibit A and the assumptions for which are set forth in said report (the "Projections"). The Projections are based in part upon historical financial information supplied by the Issuer to the Independent Engineer, which was, at the time of delivery thereof to the Independent Engineer, and is, as of the date hereof and as of the Closing Date, complete and correct in all material respects and which the Issuer, at the time of delivery thereof, reasonably believed, and as of the date hereof and as of the Closing Date, reasonably believes to be adequate for the preparation of the Projections. The assumptions provided by the Issuer and included in the Independent Engineer's Report for the purposes of the Projections were made in good faith on bases that the Issuer, at the time of delivery thereof, reasonably believed, and as of the date hereof and as of the Closing Date; reasonably believed and continues to believe to be reasonable and which the Issuer believes to be consistent in all material respects with the Transaction Documents. To the extent material for purposes of consideration of the Projections taken as a whole, such assumptions are disclosed in the Private Placement Memorandum.

5.29. Notes Pari Passu.

The Notes shall rank *pari passu* with the Issuer's other senior secured indebtedness

5.30. Independent Consultants.

Each of (a) the Independent Engineer, whose Independent Engineer's Report is attached as Exhibit A to the Private Placement Memorandum, and (b) the Independent Market Consultant, whose Independent Market Consultant's Report is attached as Exhibit B to the Private Placement Memorandum was, as of the date of such report, and is, as of the date hereof, "independent". For purposes of this Section 5,30 the Independent Engineer and the Independent Market Consultant (collectively, the "Independent Consultants"), as applicable, shall be considered "independent" if from the date which was six months prior to the date of the Private Placement Memorandum, neither of the Independent Consultants nor any Member (as defined below) of either of the Independent Consultants (i) had, or was committed to acquire, any material financial interest directly in, or with respect to, the Issuer, PNGTS Operating Co., or any Partner or (ii) was, or will be connected as a promoter, underwriter, voting trustee, director, officer or employee of the Issuer, PNGTS Operating Co., or any Partner. "Member" shall mean with respect to either of the Independent Consultants all partners, shareholders and other principals of such Independent Consultant.

5.31. Public Utility Holding Company Act.

Neither the Issuer nor PNGTS Operating Co is and, after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in Section 9.8, neither of them will be a "holding company" or a "public-utility company" within the meaning of the PUHCA.

5.32. No Labor Disputes.

No labor disturbance by or dispute with employees of the Issuer or PNGTS Operating Co., exists or, to the best knowledge of the Issuer and PNGTS Operating Co., is contemplated or threatened.

6. REPRESENTATIONS OF THE NOTEHOLDERS.

6.1. Purchase for Investment.

Each Initial Noteholder represents that it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Initial Noteholder or for the account of one or more pension or trust funds and not with a view to the distribution thereof; *provided* that the disposition of its or their property shall at all times be within its or their control. Such Initial Noteholder understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Issuer is not required to register the Notes.

6.2. Source of Funds.

Each Initial Noteholder represents that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by such Initial Noteholder to pay the purchase price of the Notes to be purchased by such Initial Noteholder hereunder:

(a) the Source is an insurance company general account as such term is used in PTCE 95-60 issued by the United States Department of Labor and there is no employee benefit plan (treating as a single plan all plans maintained by the same employer or employee organization) with respect to which the amount of the general account reserves and liabilities for all contracts held by or on behalf of such plan exceeds 10% of the total reserves and liabilities of such general account (exclusive of separate account liabilities) plus surplus, as set forth in the NAIC Annual Statements filed with such Initial Noteholder's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Initial Noteholder's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account or to any participant or beneficiary of such plan (including any annuitant) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 (issued January 29, 1990), or (ii) a bank collective investment fund, within the meaning of PTE 91-38 (issued July 12, 1991) and, except as such Initial Noteholder has disclosed to the Issuer in writing pursuant to this paragraph (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Issuer and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Issuer in writing pursuant to this paragraph (d); or

(e) the Source is a governmental plan; or

(f) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Issuer in writing pursuant to this paragraph (f); or

(g) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms "employee benefit plan", "governmental plan", and "separate account" shall have the respective meanings assigned to such terms in Section 3 of ERISA

7. INFORMATION AS TO ISSUER.

7.1. Financial and Business Information.

For so long as any Note is outstanding:

(a) Financial Statements.

The Issuer shall deliver to each Noteholder:

(i) as soon as available, but in any event within ninety days after the end of each fiscal year of the Issuer, the consolidated balance sheet of the Issuer as at the end of such year and the related consolidated statement of income, Partners' equity and cash flows for such year, prepared in accordance with GAAP and RAP and audited by independent certified public accountants of recognized standing in the United States of America and setting forth, in each case, in comparative form the figures for the previous year, together with a certificate of such independent certified public accounting firm certifying that (A) such financial statements present fairly, in all material respects, the financial position and results of operations of the Persons being reported upon and have been prepared in conformity with GAAP and RAP, and (B) the audit was conducted in accordance with GAAP and RAP; and

(ii) as soon as available, but in any event within forty-five days after the end of the first three quarterly periods of each fiscal year of the Issuer, the unaudited consolidated balance sheet of the Issuer as at the end of each such quarter' and the period then ended and the related unaudited consolidated statement of income, Partners' equity and cash flows for such quarter and the portion of the fiscal year through the end of each such quarter, prepared in accordance with GAAP and RAP and setting forth in comparative form the figures for the comparable period of the previous year, together with a certificate from the chief financial officer of the Issuer certifying that such financial statements fairly present in all material respects (subject to normal year-end audit adjustments and the absence of footnotes) the financial position and the results of operations of the Persons being reported upon;

provided, however, that, notwithstanding anything to the contrary in each of subsections 7.1(a)(i) and (ii) above, if at any time that any Note is outstanding the Issuer becomes subject to the reporting requirements of the Exchange Act as a reporting issuer, the reference to "ninety days" and "forty-five days" in subsections 7.1(a)(i) and (ii) above, respectively, shall be deemed to be . references to such shorter or longer period or such fewer or larger number, if any, of days as is mandated by Law or by SEC rulemaking or regulation, or otherwise, as the time period by which the Issuer' would then be required to file its annual reports and quarterly reports, respectively, pursuant to Section 13(a) or 15(d) of the Exchange Act.

(b) Notices.

Promptly upon obtaining knowledge thereof, the Issuer shall give written notice, in accordance with the terms of this Agreement, to each of the Noteholders of the occurrence of:

(i) any Default or Event of Default, together with a description of any action being taken or proposed to be taken with respect thereto;

(ii) a Ratings Downgrade (including the placement of any such rating on "negative outlook" or "negative watch" or their equivalent by either of the Required Rating Agencies) with respect to any guarantor under an outstanding Debt Service Reserve Guaranty;

(iii) any event which results in any guarantor under an outstanding Debt Service Reserve Guaranty ceasing to be an Affiliate of the Issuer;

(iv) any event giving rise to a claim under any insurance policy relating to the Pipeline or the business of the Issuer or any of its Subsidiaries in an amount greater than $1,000,000, together with copies of any document relating thereto (including copies of any such claim) in possession or control of the Issuer or any agent of the Issuer;

(v) any material dispute between the Issuer and any other Person party to a Project Agreement which could reasonably be expected to result in a Material Adverse Effect;

(vi) the occurrence of any ERISA Event, together with a statement of action, if any, that the Issuer or an ERISA Affiliate proposes to take with respect thereto;

(vii) the initiation of litigation or similar proceeding by or against the Issuer or any of its Subsidiaries, which could reasonably be expected to be Material; and

(viii) any other event which, in the reasonable judgment of the Issuer exercised in good faith, could reasonably be expected to have a Material Adverse Effect.

(c) SEC and Other Reports.

(i) Promptly upon their becoming available, the Issuer shall provide to each Noteholder one copy of (A) each financial statement, report, notice or proxy statement sent by the Issuer or any of its Subsidiaries to public securities holders generally, and (B) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such Noteholder), and each prospectus and all amendments thereto filed by the Issuer or any of its Subsidiaries with the SEC and all press releases and other written statements made available generally by the Issuer or any of its Subsidiaries to the public concerning developments that are Material.

(ii) If at any time, the Issuer is required to file reports and/or other information with the SEC pursuant to Sections 13(a) or 15(d) of the Exchange Act, the Issuer shall, to the extent that any such report and/or other information has not previously been delivered to the Noteholders pursuant to another provision of this Agreement, supply, at the Issuer's cost, to the Noteholders copies of any such report and/or other information.

7.2. Other Information.

For so long as any Note is outstanding, the Issuer shall furnish to the Noteholders:

(a) concurrently with the delivery of the financial statements referred to in subsections 7.l(a)(i) and (ii) above, an Officer's Certificate, (x) stating whether or not to the best knowledge of each Authorized Representative signing such Officer's Certificate, a Default or an Event of Default has occurred and is continuing and, if a Default or an Event of Default has occurred and is continuing, specifying the nature and status and the period of existence thereof and what action the Issuer shall have taken or proposes to take with respect thereto and (y) in the event that any Debt was Incurred or Restricted Payment made in accordance with Sections 10.5, 10.6 or 10.7 during such period, providing information (including any calculations related thereto) sufficient to confirm compliance with the requirements of Sections 10.5, 10.6 and/or 10.7, as the case may be;

(b) on each Debt Service Payment Date, an Officer's Certificate setting forth the calculation of (i) the Debt Service Coverage Ratio for the last four quarters taken as a whole ending on such Debt Service Payment Date and (ii) the Projected Debt Service Coverage Ratio for the next four calendar quarters taken as a whole from the date immediately following such Debt Service Payment Date;

(c) promptly, and in any event no later than thirty days following receipt thereof, copies of all material written communications amending, modifying or affecting any material Governmental Approval then required to be in effect in a manner that could have a Material Adverse Effect;

(d) promptly, and in any event no later than thirty days following receipt thereof, copies of all written notices of default received by the Issuer under any Project Agreement;

(e) on an annual basis (at or around each anniversary of this Agreement), a certificate from a reputable insurance broker stating that the insurance coverages maintained by the Issuer at such time are adequate to comply with Section 9.6; and

(f) promptly, such other data and information relating to the business, operations, affairs, financial condition, assets or Properties of the Issuer or any of its Subsidiaries or relating to the ability of the Issuer to perform its obligations under' this Agreement, under the Notes or under any of the Transaction Documents as from time to time may be reasonably requested by any Noteholder.

7.3. Inspection Rights

For so long as any Note is outstanding, at any time, and from time to time during normal business hours, upon reasonable notice and at the expense of a Noteholder (other than any Noteholder engaged predominantly in the natural gas pipeline transmission industry who competes directly with the Issuer in natural gas markets in New England or Eastern Canada), the Issuer shall permit such Noteholder and its respective agents and representatives to examine and make copies of and abstracts from the records and books of account of, and the Properties of, the Issuer and of the Issuer's Subsidiaries and to discuss the business, affairs, finances and accounts of the Issuer, of the Issuer's Subsidiaries, and of the Pipeline, with the Issuer, the Issuer's Subsidiaries, and their respective officers, and the Issuer's accountants, subject to any applicable legal privilege; *provided, however,* that, the Issuer shall be provided with an opportunity to be present at any such discussion with such accountants. If any Default or Event of Default shall have occurred and be continuing the exercise of any of the foregoing rights of such Noteholder shall be at the expense of the Issuer and may be exercised at any time requested by any Noteholder upon reasonable notice. None of the foregoing activities in this Section 7.3 shall unreasonably interfere with normal business operations of the Issuer or the Issuer's Subsidiaries or unreasonably interfere with the operation of the Pipeline.

8. PREPAYMENT OF THE NOTES.

8.1. Quarterly Principal and Interest Payments.

The Issuer shall, on each Debt Service Payment Date, repay, in accordance with Section 14, to each Noteholder an amount of principal of the Note held by such Noteholder equal to the amount specified to be paid on such Debt Service Payment Date on the amortization schedule attached to the Note held by such Noteholder. In addition, the Issuer shall, on each Debt Service Payment Date, pay, in accordance with Section 14, to each Noteholder the amount of interest accrued, as of such Debt Service Payment Date, on the unpaid principal amount of the Note held by such Noteholder in accordance with the terms of such Note. For purposes of reference, an amortization schedule covering the principal repayment on all of the Notes is attached as Schedule 8.1.

8.2. Mandatory Prepayments.

Upon the occurrence of (a) an Event of Loss, after which the Issuer does not use the Loss Proceeds received to rebuild or repair the Pipeline or otherwise render the Pipeline fit

for normal use in accordance with Section 9.5 and Section 4.02 of the Collateral Agency and Depositary Agreement, or (b) a Material Event of Loss with respect to which the Issuer does not use the Loss Proceeds received for Permitted Restorations in accordance with Section 9.5 and Section 4.02 of the Collateral Agency and Depositary Agreement, the Issuer acknowledges that the Collateral Agent shall apply any and all Loss Proceeds remaining in the Loss Proceeds Account to prepay the Notes, in whole or in part at a Redemption Price equal to the unpaid principal amount thereof to be prepaid, plus accrued and unpaid interest thereon to the Determination Date, on a Determination Date to be determined by the Issuer, which shall fall on or within the date which is three months after the date on which the Loss Proceeds are received by or on behalf of the Issuer.

8.3. Optional Prepayments with Make-Whole Premium

The Issuer shall have the right at any time to prepay the Notes, in whole or in part *(provided, that,* such part is in an amount not less than $5,000,000), at a Redemption Price equal to the unpaid principal amount thereof to be prepaid plus accrued and unpaid interest thereon to the Determination Date, plus the Make-Whole Premium on a Determination Date to be determined by the Issuer For the avoidance of doubt, in the event that the Issuer prepays all or a portion of the Notes with Permitted Replacement Debt in accordance with Section 10.5, such Redemption Price shall be equal to the unpaid principal amount thereof, plus accrued and unpaid interest thereon to the Determination Date, plus the Make-Whole Premium.

8.4. Delivery of Notices and Certificates

The Issuer shall give notice of any prepayment pursuant to Section 8.2 or Section 8.3 hereunder, at its expense, in the manner provided in this Agreement to each Noteholder at least thirty days but not more than sixty days prior to the Determination Date, as the case may be. All notices of prepayment shall be irrevocable and shall state, as applicable:

(i) the Determination Date;

(ii) the aggregate principal amount of the Notes to be prepaid on such Determination Date;

(iii) the principal amount of each Note held by such Noteholder to be prepaid (determined in accordance with Section 8.5);

(iv) the interest to be paid on the Determination Date with respect to such principal amount being prepaid;

(v) an estimate of the Make-Whole Premium payable on such prepayment, if any (including details of such calculation); and

(vi) that on the Determination Date, interest *on* the principal amount being prepaid will cease to accrue on and after said date.

Two Business Days prior to such prepayment, the Issuer shall deliver to each Noteholder a certificate of an Authorized Representative setting forth the calculation of such Make-Whole Premium as of the specified Determination Date and the details of such computation.

8.5. Allocation of Partial Prepayments.

In the case of each partial prepayment of the Notes, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment, and each such prepayment shall be applied across all scheduled principal payments remaining to be paid on the Notes on a *pro rata* basis.

8.6. Maturity; Surrender, etc.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the Determination Date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Premium, if any From and after such Determination Date, unless the Issuer shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Premium, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Issuer and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.7. Purchase of Notes.

The Issuer will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes. The Issuer will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

9. AFFIRMATIVE COVENANTS.

The Issuer covenants and agrees for the benefit of the Noteholders that, for so long as any Note is outstanding, it shall, and shall cause each of its Subsidiaries to, observe the following affirmative covenants:

9.1. Maintenance of Existence, etc.

(a) The Issuer shall at all times (i) preserve and maintain in full force and effect its existence as a general partnership under the Laws of the State of Maine and its qualification to do business in each other jurisdiction in which the conduct of its business requires such qualification, and (ii) preserve and maintain all of its rights, privileges and certificates necessary for the construction, ownership and operation of the Pipeline in accordance with all applicable Laws and Governmental Approvals and the Project Agreements to which it is a party, except in both cases where failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) The Issuer shall cause each of its Subsidiaries, including PNGTS Operating Co., to at all times (i) preserve and maintain in full force and effect its existence under the Laws of the jurisdiction of its formation and its qualification to do business in each other jurisdiction in which the conduct of its business requires such qualification, and (ii) preserve and maintain all of its rights, privileges and certificates necessary for the operation of the Pipeline in accordance with all applicable Laws and Governmental Approvals and the Project Agreements to which it is a party, except in both cases where failure to do so could not reasonably be expected to have a Material Adverse Effect

9.2. Books and Records.

The Issuer shall, and shall cause its Subsidiaries to, keep proper books of records and accounts in which full, true and correct entries shall be made of all of its and its Subsidiaries' (a) transactions, (b) assets and businesses, and (c) costs and expenses, in each case in accordance with GAAP and RAP. The Issuer shall, and shall cause its Subsidiaries to, maintain all operating and maintenance logs and records with respect to the Pipeline which are required to be maintained by all applicable Laws and Governmental Approvals.

9.3. Performance of Project Agreements/ Enforcement of Tariff.

The Issuer shall, and shall cause its Subsidiaries to, (a) perform and observe all material terms and provisions of each Project Agreement to which it or' any Subsidiary is a party, (b) maintain such Project Agreements in full force and effect in accordance with their terms, and (c) enforce such Project Agreements in accordance with their respective terms, unless, with respect to the obligations set forth in items (b) or (c) of this Section 9.3, a failure to do so could not reasonably be expected to have a Material Adverse Effect In addition, the Issuer shall exercise all reasonable commercial efforts to enforce the rights contained, at any given time, in its FERC gas tariff to obtain credit support from its Shippers, unless a failure to do so could not reasonably be expected to have a Material Adverse Effect.

9.4. Continuance of Rating of the Notes

The Issuer shall furnish to S&P the information referred to in Sections 7.1, 7.2 and 7.3 above, together with such other information as S&P may reasonably request in order to enable S&P to continue to rate the Notes

9.5. Maintenance of Properties.

The Issuer shall, and shall cause its Subsidiaries to, maintain and preserve, develop, operate and construct, in substantial conformity with all Project Agreements, Good Pipeline Practices, and all material Governmental Approvals, all elements of the Pipeline which are used or necessary in the conduct of its and its Subsidiaries' businesses in good working order and condition, ordinary wear and tear excepted

9.6. Maintenance of Insurance.

At all times, the Issuer shall provide or cause to be provided, for itself and for its Subsidiaries and its and their assets (including the Pipeline and related equipment), insurance

(including appropriate self-insurance) against loss or damage of the kinds customarily insured against by companies similarly situated in the industry in which the Issuer is then conducting business and owning like properties, with Reputable Insurers or with the government of the United States of America, or an agency or instrumentality thereof, in such amounts, with such deductibles and by such methods as shall be customary for companies similarly situated in the industry in which the Issuer is then conducting business and owning like properties. In addition:

(a) Each policy for property damage or loss insurance relating to the Portland North Facility shall (i) provide for all amounts payable by the insurer with respect to any Event of Loss to be paid directly to the Collateral Agent on behalf of the Secured Parties for deposit into the Loss Proceeds Account, (ii) designate the Collateral Agent as sole loss payee for all amounts payable by the insurer with respect to any Event of Loss with respect to the Issuer's interest in the Portland North Facility and (iii) designate the Collateral Agent and Noteholders as additional insureds with respect to any third party liability claims associated with the Portland North Facility.

(b) Subject to Section 9.6(d), in case of any Event of Loss not constituting a Material Event of Loss with respect to the Portland North Facility, all Loss Proceeds received in respect of such Event of Loss shall be paid into the Loss Proceeds Account and shall be used by the Issuer for repair or replacement of such damaged property in accordance with the terms of the Collateral Agency and Depositary Agreement.

(c) Subject to Section 9.6(d) and Section l1.l(o), in case of any Material Event of Loss with respect to the Portland North Facility, all Loss Proceeds received in respect of such Event of Loss shall be paid into the Loss Proceeds Account and shall be used by the Issuer to make Permitted Restorations only (if any), and the Loss Proceeds held by the Collateral Agent in respect of such Event of Loss shall be paid to the Issuer, from time to time, in accordance with the terms of the Collateral Agency and Depositary Agreement, for the payment of the costs of any such Permitted Restoration; *provided, however,* that notwithstanding the foregoing, in the event the conditions for Permitted Restorations set forth in the definition thereof are not satisfied with respect to any Material Event of Loss, any and all Loss Proceeds in the Loss Proceeds Account relating to such Event of Loss shall be applied to redeem the Notes in accordance with Section 8.2.

(d) If an Event of Default shall have occurred and be continuing, all Loss Proceeds associated with an Event of Loss with respect to the Portland North Facility, whether incurred prior to (to the extent of any outstanding amounts not otherwise used towards repair, replacement or a Permitted Restoration, as applicable) or after the occurrence of such Event of Default, shall be deposited into the Loss Proceeds Account and shall be applied to redeem the Notes in accordance with Section 8.2, unless the Notes have been accelerated in accordance with Section 12.1, in which case the Notes shall be redeemed in accordance with Section 12.1.

(e) In the case of any Event of Loss with respect to the Joint Facility, all Loss Proceeds received by the Issuer in respect of such Event of Loss shall be used by the Issuer to repair or restore such damaged property in accordance with the terms of the Joint Facility Agreements. In the event that the Issuer shall receive for its own purpose any Loss Proceeds relating to any Event of Loss to the Joint Facility which are not used for the repair or restoration of the Joint Facility, all such Loss Proceeds in excess of $1,000,000 shall be deposited into the Loss Proceeds Account and shall be applied to redeem the Notes in accordance with Section 8.2.

9.7. Payment of Taxes and Other Claims.

The Issuer shall, and shall cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and pay or discharge, or cause to be paid or discharged, no later than the date that the same shall become due (a) all Taxes levied or imposed upon (i) the Issuer or any such Subsidiary, (ii) the income or profits of any such Subsidiary which is a not a "pass-through" entity for tax purposes or (iii) the Property of the Issuer or any such Subsidiary and (b) all lawful claims for labor, materials and supplies that, if unpaid, might by Law become a Lien upon the Property of the Issuer or any such Subsidiary; *provided* that the Issuer shall not be required to pay or discharge, or cause to be paid or discharged, any such Tax or other claim the amount, applicability or validity of which is being contested in good faith through appropriate means and for which adequate cash reserves in accordance with GAAP have been established.

9.8. Use of Proceeds.

On the Closing Date, the Issuer shall apply the proceeds of the sale of the Notes to prepay, in full, all obligations outstanding under the Construction Credit Agreement, and, to the extent that any proceeds of the Notes are not required to so prepay in full the Construction Credit Agreement, such amounts shall be used by the Issuer to settle forward Interest Rate Agreements and for general corporate purposes.

9.9. Compliance with Laws and Regulations.

The Issuer shall, and shall cause each of its Subsidiaries to, comply with all Laws (including Environmental Laws) to which it or its Property or assets may be subject, except where failure to comply could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. In addition, the Issuer shall, and shall cause each of its Subsidiaries to, immediately pay or cause to be paid when due all costs and expenses incurred in such compliance, except to the extent that (a) the same is being contested in good faith by the Issuer or such Subsidiary through appropriate means under circumstances where none of the Collateral or the Liens of the Secured Parties thereon will be endangered and (b) adequate cash reserves in accordance with GAAP have been established, if the establishment of such reserves is required under GAAP.

9.10. Permits; Approvals.

The Issuer shall, and shall cause each of its Subsidiaries to, possess all Governmental Approvals which are necessary or desirable for the ownership or operation of their respective properties or the conduct of their respective businesses as so conducted, except where failure to possess such Governmental Approval could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

9.11. Preservation of Security Interests; Maintenance of Assets.

(a) The Issuer shall preserve the security interests granted under the Security Documents and undertake all such actions which are necessary or appropriate as requested by the Collateral Agent, acting at the reasonable instruction of the Required Noteholders, to maintain the Secured Parties' security interest in the Collateral in full force and effect at all times (including the

priorities, rights and title and the rights of the Secured Parties to the Collateral), including, without limitation, the making or delivery of all filing and recordations, the payments of fees and other charges and the issuance of supplemental documentation.

(b) Except as permitted by Section 10.2, the Issuer shall, and shall cause each of its Subsidiaries to, maintain good title to, or interest in, all of its material assets, including the Pipeline and related equipment, subject to Permitted Liens thereon.

9.12. Security; Accounts; Debt Service Reserve Account.

(a) On the Closing Date, the Issuer shall (i) grant in favor of the Secured Parties (other than with respect to the Initial Debt Service Reserve Account which shall be granted for the benefit of the Noteholders only) (x) pursuant to the Security Agreement a security interest in and Lien on its rights and interests under and pursuant to the Transportation Contracts, the Transportation Guaranties and the Shipper Letters of Credit and (y) pursuant to the Collateral Agency and Depositary Agreement a security interest in and Lien on the Accounts and (ii) cause each Partner to grant in favor of the Secured Parties pursuant to a Pledge Agreement a security interest in and Lien on its partnership interests in the Issuer The Noteholders and the Collateral Agent each hereby acknowledge and agree that if, at any time, the Issuer Incurs Additional Senior Debt in accordance with the terms and conditions of this Agreement, the holders of such Additional Senior Debt will be entitled to share on a *pro rata* and *pari passu* basis with the Noteholders in the Collateral purported to be covered by the Liens of the Security Agreement, the Collateral Agency and Depositary Agreement (other than with respect to the Initial Debt Service Reserve Account which Lien shall only be for the benefit of the Noteholders) and each Pledge Agreement. The Collateral Agent and the Noteholders agree to negotiate in good faith and to execute (i) a Working Capital Intercreditor Agreement with each Working Capital Lender providing Permitted Working Capital Debt on a secured basis from time to time and (ii) in the event that any Permitted Expansion Debt or Permitted Replacement Debt (which does not repay the then entire amount of the outstanding Notes) is Incurred on a secured basis, an Intercreditor Agreement (which may be an amended version of the then current Working Capital Intercreditor Agreement (if one is then in place at such time)) reasonably acceptable to the Required Noteholders and Collateral Agent, in cases (i) and (ii), providing for the sharing in the Collateral purported to be covered by the Liens of the Security Agreement, the Collateral Agency and Depositary Agreement (other than with respect to the Initial Debt Service Reserve Account) and the Pledge Agreements on a *pro rata* and pari *passu* basis with the Secured Parties unless such Permitted Expansion Debt or Permitted Replacement Debt is incurred on a subordinated basis in which case the Intercreditor Agreement shall so specify the respective rights of the Secured Parties.

(b) In addition, the Issuer shall establish and maintain the Accounts and make or cause to be made, all deposits into the relevant Accounts at all times in accordance with the Collateral Agency and Depositary Agreement. The Issuer shall, commencing on the Closing Date, cause the Debt Service Reserve Requirement to be fully funded in accordance with the Collateral Agency and Depositary Agreement by way of cash, one or more Debt Service Reserve Letters of Credit or one or more Debt Service Reserve Guaranties (or any combination thereof); *provided*, *however,* that if, during any time that any Debt Service Reserve Guaranty shall be outstanding, a Guarantor Event of Default shall occur under such Debt Service Reserve Guaranty, the Issuer shall, within ten days after the Issuer has knowledge of such Guarantor Event of Default, replace such

Debt Service Reserve Guaranty with cash, one or more Debt Service Reserve Letters of Credit or one or more replacement Debt Service Reserve Guaranties pursuant to which no Guarantor Event of Default shall have occurred.

(c) During any period of time when the Debt Service Reserve Requirement is being funded in whole or in part by cash in the Debt Service Reserve Account, such amounts may be invested in Permitted Investments in accordance with the Collateral Agency and Depositary Agreement.

(d) During any period of time when the Debt Service Reserve Requirement is being funded in whole or in part by a Debt Service Reserve Guaranty, the Issuer shall on a periodic basis, but no less frequently than every thirty days, review information publicly available (if any) from both of the Required Rating Agencies which relates to the long-term unsecured Debt ratings assigned by each Required Rating Agency to such guarantor's long-term unsecured Debt.

9.13. Compliance with ERISA.

With respect to each employee benefit plan within the meaning of Section 3(3) of ERISA, the Issuer shall comply with ERISA, the Code and all other applicable Laws, except where such failure could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse

Effect. The Issuer shall not maintain, sponsor or contribute to any Plan or any Multiemployer Plan and shall cause each ERISA Affiliate to make, in a timely manner, all contributions to each Plan and Multiemployer Plan that such ERISA Affiliate may maintain.

10. NEGATIVE COVENANTS.

The Issuer covenants and agrees for the benefit of the Noteholders that, for so long as any Note is outstanding, it shall, and shall cause each of its Subsidiaries to, observe the following negative covenants:

10.1 Restrictions on the Establishment of Subsidiaries.

The Issuer shall not create or suffer to exist, directly or indirectly, any Subsidiaries of the Issuer, other than PNGTS Operating Co. or any Wholly-Owned Subsidiary which is (a) engaged exclusively in one or more of the businesses set forth in Section 10.9, and (b) created in accordance with the Partnership Agreement and, in each case, unless the capitalization of any such Wholly-Owned Subsidiary in another manner is required or appropriate to satisfy any Law or regulation, such Wholly-Owned Subsidiary shall be capitalized with (i) funds contributed to the Issuer for onward contribution by the Issuer to such Subsidiary for such purpose by the Partners or (ii) funds which would have been available for a Restricted Payment in accordance with Section 10 6 but which were not distributed to the Partners in accordance with this Agreement.

10.2. Limitations on Asset Sales.

The Issuer shall not, and shall cause each of its Subsidiaries not to, sell, lease, transfer or otherwise dispose of all or any substantial part of its assets, including (without limitation) any portion of the Pipeline, other than any sales or other dispositions of obsolete,

worn-out or defective or surplus equipment or any real property, equipment, supplies and materials no longer necessary or useful for the maintenance and operation of the Pipeline in accordance with this Agreement.

10.3. Limitations on Actions with Respect to Project Agreements.

(a) The Issuer shall not, and shall cause each of its Subsidiaries not to, agree or consent to any termination, modification, supplement or waiver of any Designated Project Agreement, nor shall the Issuer initiate, or cause any of its Subsidiaries to initiate, any such termination, modification, supplement or waiver of any such Designated Project Agreement which could, individually or in the aggregate, with all other such terminations, modifications, supplements and waivers of the Designated Project Agreements, reasonably be expected to result in a Material Adverse Effect. In addition, the Issuer shall not initiate any change to its FERC gas tariff (other than those which either the Issuer, any party to a proceeding before the FERC, or the FERC itself initiates to comply with (x) any regulation or order validly promulgated by the FERC, (y) any new or modified policy statement or rulemaking proceeding generally applicable to the Issuer and similarly situated natural gas pipelines, or (z) any other regulatory obligation or regulatory requirement specifically applicable to the Issuer), if such change could, either individually or in the aggregate with all other such changes that the Issuer is more or less contemporaneously required to make to its FERC gas tariff, result in a Material Adverse Effect.

(b) The Issuer shall not, and shall cause each of its Subsidiaries not to, assign or agree or consent to any assignment of any Designated Project Agreement (other than a Transportation Contract) by any party thereto, if any such assignment of such Designated Project Agreement (other than a Transportation Contract) could, individually or in the aggregate, with all other such assignments of the Designated Project Agreements (other than a Transportation Contract) reasonably be expected to result in a Material Adverse Effect.

(c) The Issuer shall not, and shall cause each of its Subsidiaries not to, assign or agree or consent to any assignment of any Transportation Contract by any party thereto without obtaining a Ratings Reaffirmation prior to such assignment; *provided, however,* that no such Ratings Reaffirmation shall be required in the event that, with respect to assignments by the Shippers:

(i) the Shipper making the assignment (or assignor Shipper) shall not, individually or in the aggregate, have contracted with the Issuer for the transportation of 5,000 MMBtu/d, Dth/d or such other equivalent industry measurement of natural gas or more, at any given time,

(ii) the assignor Shipper's Debt shall not have an Investment Grade Rating from each Required Rating Agency at the time of such proposed assignment and the assignee Shipper's Debt shall have at least an Investment Grade Rating from each Required Rating Agency; *provided,* that, if either such Investment Grade Rating on such assignee Shipper's Debt is in the lowest category of Investment Grade Rating by any Required Rating Agency, such Investment Grade Rating shall not be on "negative watch", or have a "negative outlook", by any Required Rating Agency; *provided, further,* that, if the assignor Shipper's Debt has an Investment

Grade Rating from one Required Rating Agency, but not from the other Required Rating Agency, then the Investment Grade Rating assigned to the assignee Shipper's Debt by the Rating Agency that has assigned the assignor Shipper's Debt at least an Investment Grade Rating shall be at least one full rating grade or notch above the Investment Grade Rating issued by such Required Rating Agency on the Debt of the assignor Shipper at such time, without any negative qualification such as having a "negative outlook" or being on "negative watch",

(iii) the assignor Shipper's Debt shall have an Investment Grade Rating from each Required Rating Agency at the time of such proposed assignment and the assignee Shipper's Debt shall have an Investment Grade Rating from each Required Rating Agency at least one full rating grade or notch above each Investment Grade Rating, assigned, at such time, to the assignor Shipper's Debt without any negative qualification to such assignee Shipper's Debt Investment Grade Rating, such as having a "negative outlook" or being on "negative watch," assigned thereto by any Required Rating Agency,

(iv) the assignor Shipper remains obligated to the Issuer for performance of all obligations under the assigned Transportation Contract, or

(v) the assignor Shipper's Debt shall have an Investment Grade Rating from each Required Rating Agency at the time of such proposed assignment and the assignee Shipper shall be an Affiliate of the assignor Shipper with equal or higher Investment Grade Ratings than the assignor Shipper.

For purposes of this Section 10.3(c), any reference to the rating assigned by a Required Rating Agency to an assignor or assignee Shipper's Debt shall be deemed a reference to any such rating assigned to the Debt of any Shipper Guarantor which guaranties (or will guaranty) all of the obligations of such Shipper under the Transportation Contract to be assigned.

10.4. Limitations on Liens.

The Issuer shall not, and shall cause each of its Subsidiaries not to, create, Incur, assume or suffer to exist any Lien upon any of the Issuer's or any Subsidiary's Property, whether now owned or hereafter acquired, other than Permitted Liens.

10.5. Limitations on Debt.

The Issuer shall not, and shall cause each of its Subsidiaries not to, Incur Debt, other than as permitted in accordance with Section 10.7 and as set forth below:

(a) Debt Incurred as a result of the issuance of the Notes on the Closing Date;

(b) Permitted Working Capital Debt in a total aggregate amount not to exceed (i) $5,000,000 for the period from the date of this Agreement to, but not including, the fifth anniversary of the date of this Agreement, (ii) $7,500,000 for the period from the fifth anniversary of the date of this Agreement to, but not including, the tenth anniversary of the date of this Agreement and (iii) $10,000,000 at any given time from the tenth anniversary of the date of this Agreement onward;

(c) Capitalized Lease Liabilities in a total aggregate amount not to exceed, when considered in the aggregate with any outstanding guaranties or contingent obligations incurred pursuant to Section 10.7(d), (i) $5,000,000 for the period from the date of this Agreement to, but not including, the fifth anniversary of the date of this Agreement, (ii) $7,500,000 for the period from the fifth anniversary of the date of this Agreement to, but not including, the tenth anniversary of the date of this Agreement and (iii) $10,000,000 at any given time from the tenth anniversary of the date of this Agreement onward;

(d) Permitted Subordinated Debt;

(e) Permitted Expansion Debt or Permitted Replacement Debt; *provided* that:

(i) the Issuer obtains a Ratings Reaffirmation prior to such Incurrence of any Permitted Expansion Debt or Permitted Replacement Debt;

(ii) immediately after giving effect to such Incurrence, the ratio of the total Debt of the Issuer (excluding Permitted Subordinated Debt, but including any subordinated Debt Incurred by the Issuer or any Subsidiary thereof pursuant to clauses (b), (c), (e) or (f) of this Section 10.5) to Total Capitalization does not exceed 70%;

(iii) no Default or Event of Default shall have occurred and be continuing or would occur as the result of such Incurrence of any Permitted Expansion Debt or Permitted Replacement Debt;

(iv) the Projected Debt Service Coverage Ratio for each fiscal year commencing the year in which such Incurrence takes place until the Stated Maturity of the Notes on the date of such Incurrence shall not be less than 1.40 to 1.00; and

(v) such Permitted Expansion Debt or Permitted Replacement Debt is unsecured or secured on a Ratable Basis (other than with respect to any Permitted Additional Debt Service Reserve Account); *provided, however,* that in the event such Debt is (x) either (I) Permitted Expansion Debt or (II) Permitted Replacement Debt the proceeds of which on the date of its Incurrence are not used to prepay in full all of the Notes and (y) secured, the Issuer shall (I) provide the Noteholders with (A) an opinion of reputable nationally recognized special counsel in form and substance reasonably satisfactory to the Required Noteholders confirming that the Noteholders will be entitled to share, on a *pro rata* and *pari passu* basis with the holders of such Debt, and shall have a perfected security interest, in the security being provided to such holders (other than with respect to any Permitted Additional Debt Service Reserve Account), and (B) any other documentation relating thereto that the Required Noteholders may reasonably request and (II) take any and all other actions reasonably required or requested to be taken by the Required Noteholders to accomplish the foregoing;

provided, further, that in the event that any Permitted Replacement Debt Incurred pursuant to this Section 10.5(e)(v) is used to prepay, and does prepay, all of the then outstanding Notes in

full together with any applicable Make-Whole Premium and accrued interest payable thereon, none of the conditions in this Section 10.5(e) shall apply to such Incurrence; and

(f) Debt Incurred under any Interest Rate Agreement entered into with respect to, and in accordance with, any Permitted Expansion Debt or any Permitted Replacement Debt; *provided* that any such Debt is unsecured or secured on a Ratable Basis (other than with respect to any Permitted

Additional Debt Service Reserve Account).

10.6. Restricted Payments.

(a) The Issuer shall not set aside, declare or make any Restricted Payment at any time, unless the following conditions are satisfied both immediately prior to and immediately after giving effect to such intended Restricted Payment and such intended Restricted Payment is made on a date which is on, or within a period ending on, the twentieth day following a Debt Service Payment Date from Operating Cash Flow available for such Restricted Payment on such Debt Service Payment Date (after giving effect to the Debt Service Payment due on such Debt Service Payment Date):

(i) no Default or Event of Default shall have occurred and be continuing;

(ii) the ratio of the total Debt of the Issuer (excluding Permitted Subordinated Debt, but including any subordinated Debt Incurred by the Issuer or any Subsidiary thereof pursuant to clauses (b), (c), (e) or (f) of Section 10.5) to Total Capitalization does not exceed 70%;

(iii) (A) the Debt Service Coverage Ratio of the Issuer for the last four calendar quarters taken as a whole immediately prior to the date of such intended Restricted Payment (but excluding the then current calendar quarter) is at least 1.30 to 1.00 and (B) the Projected Debt Service Coverage Ratio of the Issuer for the next four calendar quarters taken as a whole from the date of such intended Restricted Payment (including the then current calendar quarter) shall be at least 1.30 to 1. 00, both (x) as certified by the Issuer in an Officer's Certificate delivered to the Noteholders at least five days prior to such intended Restricted Payment and (y) determined using the same assumptions and methodologies as used in the calculations included in the Officer's Certificate delivered pursuant to Section 7.2(b); and

(iv) the Debt Service Reserve Account shall be fully funded with the Debt Service Reserve Requirement in accordance with Section 9.12 and the Collateral Agency and Depositary Agreement.

(b) Notwithstanding anything to the contrary in this Section 10.6 above, the Issuer may make the Initial Distribution on a date which is within ten days of the Closing Date without the satisfaction of the conditions set forth in Section 10.6(a) above; *provided*, that no Material Adverse Effect shall have occurred or could reasonably be expected to occur from the making of such Initial Distribution.

(c) In the event that the conditions specified above in this Section 10.6 are satisfied on any given Debt Service Payment Date, but the Issuer elects not to make a Restricted

Payment to its Partners, the Issuer may, within twenty days of such Debt Service Payment Date, deposit the Distributable Cash available on such Debt Service Payment Date into the Unrestricted Account.

10.7. Guaranty and Contingent Obligations.

The Issuer shall not, and shall cause each of its Subsidiaries not to, create, Incur, assume or suffer to exist any Guaranty Obligations or other contingent obligations except (a) by reason of endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of the Issuer's and its Subsidiaries' businesses, (b) indemnities in respect of mechanics' liens and other Permitted Liens, (c) contingent obligations set forth in, or Incurred in connection with, or indemnities set forth in the Project Agreements, and (d) in the ordinary course of business, not to exceed when aggregated together with any and all then outstanding Capitalized Lease Liabilities incurred to the extent permitted by Section 10.5(c), (i) $5,000,000 for the period from the date of this Agreement to, but not including, the fifth anniversary of the date of this Agreement, (ii) $7,500,000 for the period from the fifth anniversary of the date of this Agreement to, but not including, the tenth anniversary of the date of this Agreement and (iii) $10,000,000 at any given time from the tenth anniversary of the date of this Agreement onward.

10.8. Existence/Prohibition on Fundamental Changes.

(a) The Issuer shall not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets, in a single transaction or series of transactions to, any Person, unless (i) the Notes shall have an Investment Grade Rating by S&P immediately prior to any such transaction, (ii) the Issuer is the continuing Person in any such merger or consolidation or the Person (if other than the Issuer) which is the continuing Person in any such merger or consolidation or which acquires all or substantially all of the assets of the Issuer is a solvent corporation or partnership organized and in good standing under the Laws of the United States or any State or the District of Columbia and expressly assumes the Issuer's obligations under the Notes, this Agreement and each other Transaction Document to which the Issuer is a party pursuant to one or more agreements enforceable against the parties thereto evidenced by an opinion of reputable counsel, (iii) no Default or Event of Default shall have occurred and be continuing immediately prior to such transaction or would occur or result from such transaction and the Issuer or such other Person, as the case may be, shall not be in default in the performance of any covenants or conditions contained in the Transaction Documents and (iv) the Issuer obtains a Ratings Reaffirmation prior to such transaction.

(b) The Issuer shall cause each of its Subsidiaries not to consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets, in a single transaction or series of transactions to, any Person, unless (i) the Notes shall have an Investment Grade Rating by S&P immediately prior to any such transaction, (ii) the continuing or acquiring Person in any such transaction is a Wholly-Owned Subsidiary of the Issuer, (iii) the Subsidiary is the continuing Person in any such merger or consolidation or the Person (if other than the Subsidiary) which is the continuing Person in any such merger or consolidation or which acquires all or substantially all of the assets of the Subsidiary is a solvent corporation or partnership organized and in good standing under the Laws of the United States or any State or the District of Columbia and expressly assumes the Subsidiary's obligations under the Transaction Documents to

which such Subsidiary is a party pursuant to one or more agreements enforceable against the parties thereto as evidenced by an opinion of reputable counsel, (iv) no Default or Event of Default shall have occurred and be continuing prior to such transaction or would occur or result from such transaction and the

Subsidiary or such other Person, as the case may be, shall not be in default in the performance of any covenants or conditions contained in the Transaction Documents and (v) the Issuer obtains a Ratings Reaffirmation prior to such transaction.

10.9. Limitation on Lines of Business.

The Issuer shall not, and shall cause each of its Subsidiaries not to, engage or invest in any business or activity other than:

(a) the business contemplated by the Transaction Documents and the Private Placement Memorandum; and

(b) activities associated with, or incidental to, the operation, marketing, maintenance or expansion of the Pipeline or pipelines directly interconnected with the Pipeline.

10.10. Limitation on Investments.

The Issuer shall not, and shall cause its Subsidiaries not to, make any loan or advance to any Person or purchase or otherwise acquire any Capital Stock, obligations or other securities of, make any capital contribution to, or otherwise invest in, any Person, except for (a) making Investments with amounts on deposit in the Unrestricted Account, (b) making Permitted Investments in accordance with the Financing Agreements or (c) making capital contributions to any Wholly-Owned Subsidiary engaged in one or more of the businesses specified in Section 10.9, but only to the extent that any such capital contribution is made by the Issuer with (i) the proceeds from a correlative and identical capital contribution made to the Issuer by the Partners specifically therefor and in accordance with the Partnership Agreement or (ii) amounts which would have been available for a Restricted Payment in accordance with Section 10.6 but which were not distributed to the Partners in accordance with this Agreement.

10.11. Limitation on Transactions with Affiliates.

With the exception of the Project Agreements in effect on the Closing Date (to the extent any such Project Agreements are with Affiliates of the Issuer), the Issuer shall not, and shall cause its Subsidiaries not to, enter into any transaction or agreement with an Affiliate, unless such transaction or agreement is on terms no less favorable to the Issuer or such Subsidiary than if the transaction or agreement had been negotiated in good faith on an arm's-length basis with a Person not an Affiliate of the Issuer.

10.12. Compliance with ERISA.

With respect to any Plan, the Issuer shall not, and shall cause each of its Subsidiaries not to, fail to satisfy the minimum funding requirements of ERISA or the Code or permit the funded current liability percentage, as defined in Section 302(d)(8) of ERISA, of any Plan to fall below 90% as of the most recent annual actuarial valuation date and shall not take any action, or omit to take any action, which would give rise to a nonexempt prohibited

transaction (as such term is defined in Section 4975 of the Code or Section 406 of ERISA) that is reasonably likely to subject the Collateral Agent or the Noteholders to any material tax or penalty under Section 4975 of the Code or Section 502(i) of ERISA.

10.13. Material Additional Contracts.

The Issuer shall not, and shall cause each of its Subsidiaries not to, enter into any Material Additional Contract which, individually or in the aggregate, could reasonably be expected at the time of execution thereof to have a Material Adverse Effect.

10.14. Limitation on Sale-Leaseback or Lease-Leaseback Transactions.

The Issuer shall not, and shall cause each of its Subsidiaries not to, enter into any sale-leaseback or lease-leaseback transaction involving any of its Properties whether now owned or hereafter acquired, whereby the Issuer or any Subsidiary sells, otherwise transfers or leases such Properties and then or thereafter leases or subleases such Properties or any part thereof or any other Properties which the Issuer or such Subsidiary intends to use for substantially the same purpose or purposes as the Properties sold, otherwise transferred or leased, unless any such sale-leaseback or lease-leaseback transaction involves, individually or in the aggregate when considered with all other such transactions currently in effect, Properties with a value of $5,000,000 or less.

11. EVENTS OF DEFAULT

11.1. Events of Default.

It shall be an event of default (an "Event of Default") hereunder if, for so long as any Note is outstanding, any of the following events shall have occurred and be continuing;

(a) Principal Payments. The Issuer shall fail to pay any principal of, or Make-Whole Premium, if any, on, any Note when the same becomes due and payable, whether at Stated Maturity, required prepayment, acceleration or otherwise;

(b) Interest Payments. The Issuer shall fail to pay any interest on any Note when the same becomes due and payable and such failure to pay continues for a period of five days;

(c) Certain Covenants. The Issuer shall fail to perform or observe any covenant set forth in Section 7.1(b)(i) or in Section 10 (other than Section 10.10).

(d) Material Covenants. The Issuer shall fail to perform or observe any covenant set forth in Sections 9.1(a)(i), 9.1(b)(i), 9.4, 9.11, 9.12 or 10.10 and such failure shall continue uncured for a period of fifteen or more days after the earlier of (i) any officer of the Issuer or PNGTS Operating

Co., obtaining actual knowledge thereof, or (ii) the Issuer receiving notice thereof from any Noteholder or the Collateral Agent; *provided, however* that such cure period shall be available only if no Material Adverse Effect has resulted or could reasonably be expected to result from such failure;

(e) Other Covenants. The Issuer shall fail to perform or observe any of its obligations or covenants (other than covenants described in clauses (a), (b), (c) or (d) of this Section 11.1) contained in this Agreement (or in any modification or supplement hereto), and such failure shall continue uncured for a period of thirty or more days after the earlier of (i) any officer of PNGTS Operating Co., obtaining actual knowledge thereof or (ii) the Issuer receiving any notice thereof from any Noteholder or the Collateral Agent, or, if such failure shall not be susceptible of being cured within such thirty-day period, such longer additional period, as may be required to cure such failure, not to exceed an aggregate total of ninety days; *provided* that the Issuer shall at all times be attempting in good faith to cure such failure, as demonstrated by the delivery to the Noteholders, at the end of the initial thirty-day cure period and every thirty days thereafter, of a status report setting forth in reasonable detail the Issuer's progress and further plan of action with respect to effecting such cure, and no Material Adverse Effect has resulted or could reasonably be expected to result from such failure;

(f) Representations. Any representation, warranty or certification by the Issuer in this Agreement or in any certificate furnished to any Noteholder pursuant to the provisions of this Agreement or any Financing Agreement shall prove to have been false as of the time made or furnished, as the case may be, and such misrepresentation has or could reasonably be expected to have a Material Adverse Effect;

(g) Debt. The Issuer or any of its Subsidiaries shall default in the payment when due (after expiration of any applicable grace or cure period with respect thereto) of any principal of or premium or interest on any of its or any of its Subsidiaries' other Debt (secured or unsecured) aggregating $10,000,000 (or its equivalent in any other currency) or more, or such Debt shall be required to be prepaid prior to the stated maturity thereof other than by a regularly required and scheduled repayment; or any event specified in any note, agreement, indenture or other document evidencing or relating to any such Debt shall occur and continue for a period exceeding any applicable grace or cure period if the effect of such event is to cause, or (with or without the giving of any notice or the lapse of time or both) to permit the holder or holders of such Debt (or a trustee or agent on behalf of such holder or holders) to cause, such Debt to become due, or to be prepaid in full (whether by redemption, purchase, offer to purchase or otherwise), prior to its stated maturity;

(h) Involuntary Bankruptcy. A court having jurisdiction in the premises enters a decree or order for (i) relief in respect of the Issuer or any Subsidiary of the Issuer in an involuntary case under any applicable bankruptcy, insolvency or other similar Law now or hereafter in effect, (ii) appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any Subsidiary of the Issuer or for all or substantially all of the Property of the Issuer or a Subsidiary of the Issuer or (iii) the winding up or liquidation of the affairs of the Issuer or any Subsidiary of the Issuer and, in each case, such decree or order shall remain unstayed and in effect for a period of sixty consecutive days;

(i) Voluntary Bankruptcy. The Issuer or any Subsidiary of the Issuer (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar Law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such Law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any Subsidiary of the Issuer or for all or substantially all of the Property of the Issuer or any Subsidiary of the Issuer, (iii)

effects any general assignment for the benefit of creditors, (iv) generally fails, or admits in writing its inability, to pay its Debt as and when it falls due, or (v) takes any partnership, corporate or other organizational action for the purpose of any of the foregoing;

(j) Judgments. Any judgment or judgments for the payment of money in excess of $10,000,000 (or its equivalent in any other currency) in the aggregate against the Issuer or any Subsidiary of the Issuer shall be rendered by one or more courts, administrative tribunals or other bodies having jurisdiction over the Issuer or such Subsidiary and the same shall not be discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within sixty days from the date of entry thereof and the Issuer or such Subsidiary shall not, within said period of sixty days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal;

(k) Abandonment. (i) The Issuer shall file with FERC an application for the abandonment of the Pipeline which provides for the final and complete cessation of the transportation by the Pipeline of natural gas and for the abandonment of all or a majority of the necessary FERC certificates relating thereto, (ii) FERC shall issue a final, non-appealable order directing or authorizing the final and complete cessation of the transportation by the Pipeline of natural gas and the abandonment of the Pipeline's facilities and all or a majority of the necessary FERC certificates relating thereto, or (iii) the Issuer shall otherwise, directly or indirectly, abandon the Pipeline or cease to pursue operations of the Pipeline for a period in excess of ninety days;

(l) Project Agreements. Any Designated Project Agreement shall have been terminated prior to its stated termination date and such termination has or could reasonably be expected to have a Material Adverse Effect; *provided, however,* that any such termination shall not be an Event of Default hereunder if, (i) within ninety days of such termination, the Issuer shall be attempting in good faith to enter into (as evidenced by periodic reports to the Noteholders) and, shall have entered into, a Material Additional Contract providing the Issuer with comparable rights and obligations as those found in the terminated Designated Project Agreement such that the Issuer shall remain at least in the same or better economic position as it would have been if such Designated Project Agreement had not been terminated and (ii) there shall be no Ratings Downgrade with respect to the Notes as a consequence of the termination of such Designated Project Agreement and entry into such Material Additional Contract;

(m) Security Documents. Any Security Document shall for any reason fail or cease to create a valid and perfected first priority Lien in any portion of the Collateral and such failure shall not be remedied within fifteen days;

(n) Repudiation. Any material provision of any Financing Agreement, after execution hereof or delivery thereof, shall (i) be repudiated by the Issuer or any other party (other than any Secured Party) or (ii) for any reason other than the express terms thereof cease to be enforceable and such repudiation or unenforceability shall not be remedied within thirty days;

(o) Total Loss. There shall occur a Total Loss;

(p) Change of Control. Any direct or indirect transfer of a partnership interest in the Issuer by a Partner or a Sponsor (whether beneficial, economic or otherwise), unless a Ratings

Reaffirmation is obtained prior to such transfer (it being understood that a transfer of any ownership interest in a Sponsor by a direct or indirect owner of a Sponsor shall not be considered a direct or indirect transfer of a partnership interest in the Issuer for purposes of this Section 11.1(p)); *provided, however,* that the following transfers shall not require a Ratings Reaffirmation: (i) a transfer by a Partner to an Affiliate of the same Partner, and (ii) a transfer by a Sponsor or an Affiliate of a Sponsor to another Sponsor or an Affiliate of another Sponsor so long as, immediately following the transfer, the transferee Sponsor owns, collectively with each of such Sponsor's Affiliates, less than a 49% partnership interest in the Issuer, unless such transferee Sponsor has an Investment Grade Rating from each Required Rating Agency in which case such transferee Sponsor may own, collectively with each of such Sponsor's Affiliates, up to a 59% partnership interest in the Issuer; *provided, further,* that any such transferee of a direct partnership interest adheres to a Pledge Agreement;

(q) ERISA. Any ERISA Event shall have occurred and the liability of the Issuer and the ERISA Affiliates related to such ERISA Event, when aggregated with all other ERISA Events (determined as of the date of occurrence of such ERISA Event), has resulted in or could reasonably be expected to result in a Material Adverse Effect; or

(r) Partnership Agreement. Subject to any transfer of a partnership interest permitted pursuant to Section 11.1(p) above, (i) any amendment, modification, supplement, assignment or waiver of the Partnership Agreement shall have occurred which, individually or in the aggregate with all other such amendments, modifications, supplements, assignments or waivers, has or could reasonably be expected to have a Material Adverse Effect or (ii) the Partnership Agreement shall be terminated.

12. REMEDIES ON DEFAULT, ETC.

12.1. Acceleration.

(a) If an Event of Default with respect to the Issuer described in paragraph (h) or (i) of Section 11.1 has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Required Noteholders may at any time at its or their option, by notice or notices to the Issuer, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11.1 has occurred and is continuing, any Noteholder or Noteholders at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Issuer, declare all the Notes held by it or them to be immediately due and payable; *provided, however* that no such Noteholder or Noteholders shall have the right to instruct the Collateral Agent to proceed against any Collateral, or to otherwise take any enforcement action with respect to the Collateral, without the consent of the Required Noteholders in accordance with Section 12.2.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (i) all accrued and unpaid interest thereon and (ii) the Make-Whole Premium

determined in respect of such principal amount (to the full extent permitted by applicable Law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Issuer acknowledges, and each of the parties hereto agree, that each Noteholder has the right to maintain its investment in the Notes free from repayment by the Issuer (except as herein and in the Notes specifically provided) and that the provision for payment of a Make-Whole Premium by the Issuer in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

12.2. Remedies under Security Documents.

Subject to the terms and conditions of any Intercreditor Agreement, if an Event of Default has occurred and is continuing, the Required Noteholders may instruct the Collateral Agent to proceed to protect and enforce the rights and exercise the remedies of the Noteholders under the Security Documents in accordance therewith by an action at law, suit in equity or any other appropriate proceeding, and in the absence of any such instruction, the Collateral Agent shall have no duty to so protect or enforce.

12.3. Application of Proceeds of Collateral.

If any Event of Default has occurred and the Required Noteholders have, subject to the terms and conditions of any Intercreditor Agreement, provided the Collateral Agent with written instruction to exercise its rights and remedies under any of the Security Documents, the Collateral Agent shall take any and all such action in accordance with the Security Documents and all Collateral or proceeds therefrom recovered by the Collateral Agent under any such Security Documents shall, subject to the terms and conditions of any Intercreditor Agreement, be applied by the Collateral Agent as follows: (a) *first,* to the payment of all fees, costs, expenses and indemnities owed to the Collateral Agent under the Financing Agreements, (b) *second,* to the payment of accrued and unpaid interest on any outstanding secured Senior Debt, (c) *third,* to the payment or prepayment of principal on any outstanding secured Senior Debt (including the Make-Whole Premium determined in respect of the entire then unpaid principal amount of the Notes), and (d) *fourth,* to the payment of any remaining Obligations (as defined in the Security Documents); *provided, however,* that any amounts (i) on deposit in the Initial Debt Service Reserve Account, (ii) posted pursuant to a Debt Service Reserve Letter of Credit or (iii) guaranteed under a Debt Service Reserve Guaranty shall be for the sole benefit of the Noteholders and the Collateral Agent shall apply any and all such amounts on a *pro rata* basis to the Noteholders. In the case of (a), (b), (c) and (d) of the preceding sentence, in the event that the Collateral (including the proceeds thereof) is at any time insufficient to pay in full the amounts so outstanding under such (a), (b), (c) or (d), then the Collateral Agent shall first make payments to the Collateral Agent under clause (a) above and thereafter make *pro rata* payments to all holders of secured Senior Debt entitled to receive any amounts under clause (b), (c) or (d), as the case may be (in such order of priority), without any preference or priority to each Secured Party.

12.4. Other Remedies.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, any Noteholder of any Note at the time outstanding may proceed to protect and enforce the rights of such Noteholder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

12.5. Rescission.

At any time after any Notes have been declared due and payable pursuant to clause (b) of Section 12.1 and prior to the commencement of enforcement by the Collateral Agent of its rights under the Security Documents, the Required Noteholders, by written notice or notices to the Issuer, may rescind and annul any such declaration and its consequences if (a) the Issuer has paid all overdue interest on the Notes, all principal of and Make-Whole Premium, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Premium, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.5 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

12.6 No Waivers or Election of Remedies, Expenses, etc.

No course of dealing and no delay on the part of any Noteholder in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such Noteholder's rights, powers or remedies No right, power or remedy conferred by this Agreement or by any Note upon any Noteholder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Issuer under Section 15, the Issuer will pay to the Collateral Agent and each Noteholder on demand such further amount as shall be sufficient to cover all reasonable costs and expenses of the Collateral Agent and such Noteholder incurred in any enforcement or collection action or proceeding under this Section 12 undertaken in good faith, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

13. REGISTRATION; TRANSFER; EXCHANGE; REPLACEMENT OF NOTES.

13.1. Registration of Notes.

The Issuer shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each Noteholder, each transfer of any one or more Notes by a Noteholder and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of

transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Issuer shall not be affected by any notice or knowledge to the contrary. The Issuer shall give to any Noteholder that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered Noteholders.

13.2. Transfer and Exchange of Notes.

Upon surrender of any Note at the principal executive office of the Issuer for registration of transfer or exchange (in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered Noteholder or its attorney duly authorized in writing and accompanied by the name and address for notices of each transferee of such Note or part thereof), the Issuer shall execute and deliver, at the Issuer's expense (except as provided below), one or more new Notes (as requested by the surrendering Noteholder) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of such surrendered Note. Each such new Note shall be payable to such Person as such surrendering Noteholder may request and shall be substantially in the form of Exhibit 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Issuer may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $500,000; *provided* that if necessary to enable the registration of transfer by a Noteholder of its entire holding of Notes, one Note may be in a denomination of less than $500,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

13.3. Replacement of Notes.

(a) Upon receipt by the Issuer of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(b) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Issuer (*provided* that if the Noteholder of such Note is, or is a nominee for, an Initial Noteholder or an Institutional Investor, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(c) in the case of mutilation, upon surrender and cancellation thereof, the Issuer at its own expense shall execute and deliver, in lieu thereof, a new Note, and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the

date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

14. PAYMENTS ON NOTES.

14.1. Place of Payment.

Subject to Section 14.2, payments of principal, Make-Whole Premium, if any, and interest becoming due and payable on the Notes shall be made at such place the Issuer may at any time, by notice specify to each Noteholder, so long as such place of payment shall be either the principal office of the Issuer in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

14.2. Home Office Payment.

So long as any Initial Noteholder or its nominee shall be a Noteholder, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Issuer will pay all sums becoming due on such Note for principal, Make-Whole Premium, if any, and interest by the method and at the address specified for such purpose below such Initial Noteholder's name in Schedule A, or by such other method or at such other address as such Initial Noteholder shall have from time to time specified to the Issuer in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Issuer made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Initial Noteholder shall surrender such Note for cancellation, reasonably promptly after any such request, to the Issuer at its principal executive office or at the place of payment most recently designated by the Issuer pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by such Initial Noteholder or its nominee such Initial Noteholder will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Issuer in exchange for a new Note or Notes pursuant to Section 13.2. The Issuer will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by such Initial Noteholder under this Agreement and that has made the same agreement relating to the surrender for cancellation of such Note as such Initial Noteholder has made in this Section 14.2.

14.3. No Tax Gross-Up

In the event that the Issuer is required to withhold any amounts of principal, Make-Whole Premium, if any, or interest payable on the Notes held by a Noteholder for purposes of United States withholding tax, the Issuer shall notify such Noteholder that it is required to pay such withholding tax. In addition, if such Noteholder does not provide the Issuer with satisfactory evidence that such Noteholder is exempt from such withholding tax within a reasonable period of time of being notified thereof, the Issuer shall not be required to gross-up any payment of principal, Make-Whole Premium, if any, or interest due to such Noteholder and all such payments to such Noteholder shall be made by the Issuer net, if any, of any required withholding tax paid in connection therewith by the Issuer until such time as the withholding tax is no longer applicable or satisfactory evidence of an exemption thereto is provided to the Issuer.

15. EXPENSES, ETC.

15.1. Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Issuer will pay all reasonable costs and expenses incurred by the Noteholders and the Collateral Agent (including reasonable attorneys' fees of one special counsel for the Noteholders and one special counsel for the Collateral Agent and, if reasonably required, local or other counsel for each of the Noteholders and the Collateral Agent) in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing, pursuing or protecting (or determining whether or how to enforce, pursue or protect) any rights under this Agreement, the Notes or any Financing Agreement or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement, the Notes or any Financing Agreement, or by reason of being a Noteholder or the Collateral Agent, (b) the costs and expenses, including financial advisors, and reasonable legal counsel fees, incurred in connection with the insolvency or bankruptcy of the Issuer or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes and (c) reimbursement of any costs and expenses (including any indemnification) which the Noteholders paid to the Collateral Agent pursuant to, and in accordance with, any Financing Agreement. The Issuer will pay, and will save each Noteholder harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by such Noteholder) relating to the transactions contemplated by the Financing Agreements.

In addition to and without prejudice to the rights of the Collateral Agent or any Noteholder under any Financing Agreement, when the Collateral Agent or any Noteholder incurs expenses or renders services in connection with an Event of Default specified in paragraph (h) or (i) of Section 11.1 of this Agreement, the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or state bankruptcy, insolvency or other similar law, to the extent permitted by law.

15.2. Survival.

The obligations of the Issuer under this Section 15 and Section 24.6 will survive the payment or transfer of any Note, the enforcement, amendment or waiver (other than with respect to such waiver for the purposes of such waiver) of any provision of this Agreement or the Notes, and the resignation or removal of the Collateral Agent and termination of this Agreement for any reason.

16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Initial Noteholder of any Note or portion thereof or interest therein and the payment of any Note, and may be relied

upon by any subsequent Noteholder, regardless of any investigation made at any time by or on behalf of any Noteholder. All statements contained in any certificate or other instrument delivered by or on behalf of the Issuer pursuant to this Agreement shall be deemed representations and warranties of the Issuer under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between each Noteholder and the Issuer and supersede all prior agreements and understandings relating to the subject matter hereof.

17. AMENDMENT AND WAIVER.

17.1. Requirements.

(a) Financing Agreements. This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Issuer and the Required Noteholders, except that (a) no amendment or waiver of any of the provisions of Sections 1, 2, 3, 4, 5, 6 or 22 hereof, or any defined term (as it is used therein), will be effective as to any Noteholder unless consented to by such Noteholder in writing, and (b) no such amendment or waiver may, without the written consent of each Noteholder at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Premium on, the Notes, (ii) change the percentage of the principal amount of the Notes the Noteholders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11.1(a), 11.1(b), 12, 17 or 20. No amendment or other modification of this Agreement or any other Financing Agreement that adversely affects the rights, privileges, duties or immunities of the Collateral Agent hereunder, thereunder or otherwise shall be effective as against the Collateral Agent to the extent the rights, privileges, duties or immunities of the Collateral Agent are so adversely affected, without the consent of the Collateral Agent.

(b) Security Documents.

(i) Unless otherwise specified in a Security Document, the Security Documents may be amended, and the observance of any term thereof may be waived (either retroactively or prospectively), by the Collateral Agent with (and only with) the written consent of the Required Noteholders, except that (a) no amendment or waiver of any of the provisions of Articles II and VI of the Collateral Agency and Depositary Agreement, Sections 2 and 5(a) of the Security Agreement and Sections 2 and 5(a)(ii) of each Pledge Agreement, or any defined term (as it is used therein), will be effective without the written consent of each Noteholder at the time outstanding, and (b) no such amendment or waiver may, without the written consent of each Noteholder of any Note at the time outstanding, release any Collateral from a Lien of a Security Document.

(ii) Notwithstanding the foregoing, the Collateral Agent need not obtain the consent of the Required Noteholders to enter into any amendment of a Security Document to reflect any of the following actions: (A) subject in all cases to the terms and conditions of the Financing Agreements, to effectuate and evidence the succession of another entity to the Issuer and

the assumption by any such successor of the covenants of the Issuer, (B) to evidence the succession of a Collateral Agent pursuant to, and in accordance with, Section 23.3 of this Agreement, and (C) to cure any ambiguity, to correct or to supplement any provision in any of the Security Documents that may be misleading, defective or inconsistent with any other provision in this Agreement or therein; *provided* such action pursuant to this clause (C) shall not adversely affect the interests of the Noteholders in any respect and shall be limited to purely administrative matters.

17.2. Solicitation of Noteholders.

(a) Solicitation. The Issuer will provide each Noteholder (irrespective of the amount of Notes then owned by it) with sufficient information (including, but not limited to, the making of updated representations and warranties comparable in scope to those set forth in Section 5), sufficiently far in advance of the date by which a decision is required, to enable such Noteholder to make an informed and considered decision with respect to any amendment, waiver or consent proposed by the Issuer in respect of any of the provisions hereof, of the Notes or of any Security Document. The Issuer will deliver an executed or true and correct copy of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each Noteholder and the Collateral Agent promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite Noteholders.

(b) Payment. The Issuer will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any Noteholder as consideration for or as an inducement to the entering into by any Noteholder of any waiver, amendment or consent of, or with respect to, any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each Noteholder of a Note then outstanding even if such Noteholder did not consent to such waiver, amendment or consent.

17.3. Binding Effect, etc.

Any amendment, waiver or consent given as provided in this Section 17 applies equally to all Noteholders and the Collateral Agent and is binding upon them and upon each future Noteholder and upon the Issuer without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment, waiver or consent will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Issuer and any Noteholder nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any such Noteholder or Collateral Agent. As used herein, the term “this Agreement” and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

17.4. Notes held by Issuer, etc.

Solely for the purpose of determining whether the Noteholders of the requisite percentage of the aggregate principal amount of Notes then outstanding have approved or consented to any amendment, waiver or consent under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of

the Noteholders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Issuer or any of its Affiliates shall be deemed not to be outstanding.

18. NOTICES.

All notices and communications provided for herein shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to any Initial Noteholder or its nominee, to such Initial Noteholder or its nominee at the address specified for such communications in Schedule A, or at such other address as such Initial Noteholder or its nominee shall have most recently specified to the Issuer and the Collateral Agent in writing;

(ii) if to any other Noteholder, to such Noteholder at such address as such other Noteholder shall have most recently specified to the Issuer and the Collateral Agent in writing;

(iii) if to the Issuer, to the Issuer at its address set forth at the beginning hereof to the attention of the General Counsel, telecopy number 603-427-2807, or at such other address as the Issuer shall have most recently specified to each Noteholder and the Collateral Agent in writing; or

(iv) if to the Collateral Agent, to:

James P Freeman, Vice President
JPMorgan Chase Bank
50 Rowes Wharf, 4th Floor
Boston, MA 02110
(617) 310-0534
(617) 310-0335 (telecopy).

With a copy to:

Alice Tran
Transaction Financial Management
JPMorgan Chase Bank
Institutional Trust Services/TFM
4 New York Plaza, 15th Floor
New York, New York 10004
(212) 623-6990
(212) 623-6206 (telecopy).

Notices under this Section 18 will be deemed given only when actually received.

19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and amendments that may hereafter be executed, (b) documents received by each Noteholder at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to each Noteholder, may be reproduced by any Noteholder by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and such Noteholder may destroy any original document so reproduced. The parties hereto agree and stipulate that, to the extent permitted by applicable Law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Noteholder in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Issuer or any other Noteholder from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "Confidential Information" means information delivered to any Noteholder by or on behalf of the Issuer or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that was clearly marked or labeled or otherwise adequately identified when received by any Noteholder as being confidential information of the Issuer or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to such Noteholder prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Noteholder or any person acting on such Noteholder's behalf or (c) otherwise becomes known to such Noteholder, other than through disclosure by the Issuer or any Subsidiary. Each Noteholder will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Noteholder in good faith to protect confidential information of third parties delivered to such Noteholder; *provided* that each Noteholder may deliver or disclose Confidential Information to (i) such Noteholder's directors, officers, employees, trustees, agents,

attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by such Noteholder's Notes), (ii) such Noteholder's financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other Noteholder, (iv) any broker or Institutional Investor to which such Noteholder sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any federal or state regulatory authority having jurisdiction over such Noteholder and requiring such information, (vi) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about such Noteholder's investment portfolio, to the extent necessary to comply with a legal requirement or as is consistent with industry practice for similarly situated Noteholders or (vii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Noteholder, (x) in response to any subpoena or other legal process, (y) in

connection with any litigation to which such Noteholder is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Noteholder may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Noteholder's Notes, this Agreement and the Security Documents, and such Noteholder has made arrangements, reasonable under the circumstances, to protect the confidentiality of the information being delivered and disclosed. Each Noteholder, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Issuer in connection with the delivery to any Noteholder of information required to be delivered to such Noteholder under this Agreement or requested by such Noteholder (other than a Noteholder that is a party to this Agreement or its nominee), such Noteholder will enter into an agreement with the Issuer embodying the provisions of this Section 20. Notwithstanding the foregoing, a Noteholder (and each employee, representative, or other agent of a Noteholder) may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of the transaction contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Noteholder relating to such tax treatment and tax structure (redacted if necessary to delete any information not related to tax treatment or tax structure).

21. NON-RECOURSE.

Notwithstanding anything to the contrary herein or in the Notes (and except as expressly provided to the contrary in any Financing Agreement other than this Agreement but subject to the proviso to this sentence), the obligations of the Issuer under this Agreement, the Notes and the other Financing Agreements, and any certificate, notice, instrument or document delivered pursuant hereto or thereto are obligations solely of the Issuer and do not constitute a debt or obligation of or guaranty by (and no recourse shall be had with respect thereto to) any Partner or any of its Affiliates, or any shareholder, partner, officer, director, employee, agent or advisor of any such Partner or Affiliate; no action shall be brought against any Partner or any of its Affiliates, or any shareholder, partner, officer, director, employee, agent or advisor of any thereof as such, and any judicial proceedings a Noteholder or Collateral Agent may institute against any thereof shall be limited to seeking the preservation, enforcement, foreclosure or other sale or disposition of the Liens and security interests or the Collateral now or at any time hereafter securing the Issuer's obligations under the Financing Agreements; and no judgment for any deficiency upon the obligations hereunder or under the Notes, or under the other Financing Agreements, shall be obtainable by the Collateral Agent or any Noteholder against any Partner or of any of its Affiliates or any shareholder, partner, officer, director, employee, agent or advisor of any thereof; *provided* that nothing herein shall limit the recourse of the Noteholders or the Collateral Agent against a Partner or against any Affiliate of the Issuer in connection with the satisfaction of such Partner's or Affiliate's obligations under any Pledge Agreement or Debt Service Reserve Guaranty executed by such Partner or Affiliate but not in excess of any limit of such Partner's or Affiliate's liability thereunder, or against any interest of the Partners or any Affiliate in any Collateral purported to be covered by any of the Security Documents. Nothing in this Section 21 shall be construed so as to prevent the Collateral Agent or the Noteholders from commencing any action, suit or proceeding against the Issuer or causing legal papers to be served upon any Partner for the purpose of obtaining jurisdiction over the Issuer.

22. SUBSTITUTION OF INITIAL NOTEHOLDER.

Each Initial Noteholder shall have the right to substitute any one of its Affiliates as the purchaser of the Notes that such Initial Noteholder has agreed to purchase hereunder, by written notice to the Issuer, which notice shall be signed by both such Initial Noteholder and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "Initial Noteholder" is used in this Agreement (other than in this Section 22), such word shall be deemed to refer to such Affiliate in lieu of such Initial Noteholder. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to such Initial Noteholder all of the Notes then held by such Affiliate, upon receipt by the Issuer of notice of such transfer, wherever the word "Initial Noteholder" is used in this Agreement (other than in this Section 22), such word shall no longer be deemed to refer to such Affiliate, but shall refer to such Initial Noteholder, and such Initial Noteholder shall have all the rights of an original Noteholder under this Agreement.

23. APPOINTMENT AND DUTIES OF THE COLLATERAL AGENT.

23.1. Appointment and Duties of Collateral Agent.

(a) The Noteholders hereby designate and appoint JPMorgan Chase Bank to act as the Collateral Agent and hereby authorize JPMorgan Chase Bank, as the Collateral Agent, to take such actions on their behalf under the provisions of this Agreement, the Security Documents and any Intercreditor Agreement and to exercise such powers and perform such duties as are expressly delegated to the Collateral Agent by the terms hereof and thereof. The Collateral Agent hereby agrees to receive, accept and deposit all proceeds of cash, payments, securities, investments and other amounts to be deposited into the Accounts in accordance with the Collateral Agency and Depositary Agreement. The Collateral Agent shall hold and safeguard the Collateral during the term of this Agreement in trust for the Noteholders, and shall hold the Collateral in accordance with the terms of the Security Documents and as security for the obligations of the Issuer under the Financing Agreements. The Collateral Agent shall forthwith forward to the Noteholders copies of all notices, documents or other information that it receives from the Issuer in connection with the performance of its obligations hereunder and under the Security Documents (including copies of each Debt Service Reserve Guaranty received by it).

(b) Notwithstanding any provision to the contrary elsewhere in this Agreement or the Security Documents, the Collateral Agent shall not have any duties or responsibilities, except those expressly set forth in this Agreement and the Security Documents, or any fiduciary relationship with any

Noteholder, no implied covenants, functions or responsibilities shall be read into this Agreement or the Security Documents or otherwise exist against the Collateral Agent and no permissive or discretionary power or authority available to the Collateral Agent shall be construed to be a duty imposed on the Collateral Agent (unless the Collateral Agent shall have received written instructions from the Required Noteholders relating to any such discretionary power or authority). The Collateral Agent shall not be liable for any action taken or omitted to be taken by it hereunder or under the Security Documents, or in connection herewith or therewith, or in connection with the Collateral, unless caused by its gross negligence or willful misconduct.

(c) The Collateral Agent shall not be responsible for recording or filing or re-recording or re-filing any financing or continuation statement or recording or re-recording any document or instrument in any public office at any time or times or otherwise perfecting or maintaining the perfection of any Lien on or security interest in any of the Collateral unless so directed by the Required Noteholders with respect to any such recording or filing.

23.2. Reliance on the Collateral Agent.

The Noteholders and the Issuer expressly acknowledge that neither the Collateral Agent nor any of its respective officers, directors or employees has made any representations or warranties to it and that no act by the Collateral Agent hereinafter taken, including, without limitation, any review of the affairs of the Issuer, shall be deemed to constitute any representation or warranty by the Collateral Agent to any Noteholder. Except for notices, reports and other documents expressly required to be furnished to the Noteholders by the Collateral Agent hereunder and under the Security Documents, the Collateral Agent shall have no duty or responsibility to provide any Noteholder with any credit or other information concerning the business, operations, property, financial and other condition or creditworthiness of the Issuer which may come into the possession of the Collateral Agent or any of its officers, directors or employees.

23.3. Successor Collateral Agent.

(a) The Collateral Agent may resign as Collateral Agent upon sixty days' notice to the Issuer and the Noteholders, and the Required Noteholders may remove the Collateral Agent at any time with or without cause by providing notice to such effect to the Collateral Agent, with any such resignation or removal to become effective only upon the appointment of a successor Collateral Agent under this Section 23.3. Under no circumstances shall the Issuer be entitled to remove the Collateral Agent without the consent of each of the Noteholders.

(b) Subject to the terms of any Intercreditor Agreement, if the Collateral Agent shall resign or shall have been removed as Collateral Agent, then the Required Noteholders shall appoint a successor collateral agent for the Noteholders, which successor collateral agent shall be reasonably acceptable to the Issuer and the Required Noteholders. Subject to the terms of any Intercreditor Agreement, if no successor Collateral Agent shall have been so appointed within thirty days after the retiring or removed Collateral Agent's giving, or receipt, of such notice of resignation or removal, as the case may be, the retiring or removed Collateral Agent may, on behalf of the Noteholders, with the reasonable consent of the Issuer, appoint a successor Collateral Agent which shall be an Acceptable Bank.

(c) Any successor collateral agent appointed in accordance with the terms hereof shall succeed to the rights, powers and duties of the "Collateral Agent" and the term "Collateral Agent" shall mean such successor collateral agent effective upon its appointment, and the former Collateral Agent's rights, powers and duties as Collateral Agent shall be terminated, without any other or further act or deed on the part of such former Collateral Agent (except that the resigning or removed Collateral Agent shall deliver all Collateral then in its possession to the successor Collateral Agent) or any of the Noteholders. After any retiring Collateral Agent's resignation or

removal hereunder as Collateral Agent, the provisions of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent.

24. RIGHTS OF COLLATERAL AGENT.

24.1. Collateral Agent May Act Through Agents.

The Collateral Agent may execute any of its duties under any of the Financing Agreements by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties and, subject to the Collateral Agent's duty of care specified in the last sentence of Section 23.1(b), shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed hereunder with due care and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Collateral Agent hereunder or thereunder in good faith and in reliance thereon.

24.2. Limitation of Liability.

(a) Neither the Collateral Agent nor any of its officers, directors or employees shall be (i) liable to any Person or Persons for any action lawfully taken or omitted to be taken by it under or in connection with any of the Financing Agreements (except for its gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Noteholders for any recitals, statements, representations or warranties made by the Issuer or any representative thereof contained in this Agreement or any of the other Financing Agreements or in any certificate, report, statement or other document referred to or provided for in, or received by the Collateral Agent under or in connection with, this Agreement or any of the other Financing Agreements or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any of the other Financing Agreements (other than with respect to the Collateral Agent, the due authorization, execution and delivery of this Agreement and each other Financing Agreement to which it is a party) or for any failure of the Issuer to perform its obligations hereunder or thereunder. The Collateral Agent shall not be under any obligation to any Noteholder to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any of the other Financing Agreements, or to inspect the properties, books or records of the Issuer.

(b) Anything in this Agreement or in any other Financing Agreement notwithstanding, in no event shall the Collateral Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Collateral Agent has been advised of such loss or damage and regardless of the form of action taken resulting in such loss or damage.

24.3. Reliance by the Collateral Agent.

Subject to the Collateral Agent's standard of care specified in the last sentence of Section 23.1(b), the Collateral Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and in conformance with the applicable requirements

(if any) of the relevant Financing Agreement and to have been signed, sent or made by the representative of the proper Person or Persons concerned and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer), independent accountants and other experts selected by the Collateral Agent. In connection with any request of the Required Noteholders, the Collateral Agent shall be fully protected in relying on a certificate of any Person, signed or purported to be signed by an Authorized Representative of such Person. The Collateral Agent shall be fully justified in failing or refusing to take any action under this Agreement or any of the other Financing Agreements (a) if such action would, in the reasonable opinion of the Collateral Agent, be contrary to Law or the terms of this Agreement or any of the other Financing Agreements, (b) if such action is not specifically provided for in this Agreement or any of the other Financing Agreements, it shall not have received any such advice or concurrence of the Required Noteholders as it deems appropriate, or (c) if, in connection with the taking of any such action that would constitute an exercise of remedies under this Agreement or any of the other Financing Agreements, it shall not first be indemnified to its reasonable satisfaction by the Issuer or the Noteholders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action (*provided* that if a Noteholder that is an Institutional Investor with a minimum net worth of at least $50,000,000 undertakes to provide such indemnification, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory). The Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any of the other Financing Agreements in accordance with a request of the Required Noteholders, and such request and any action taken or failure to act pursuant hereto or thereto shall be binding upon all the Noteholders. The Collateral Agent shall be entitled to rely, and shall be fully protected in relying upon, any certificate of the Issuer (or any paying agent, registrar or other agent of the Issuer) or holder of Senior Debt as to the identity and amount of Senior Debt held by any holder of Senior Debt.

24.4. Ambiguity or Inconsistency in this Agreement with Proposed Actions.

If, with respect to a proposed action to be taken by it, the Collateral Agent shall determine in good faith that the provisions of this Agreement or any of the other Financing Agreements relating to the functions or responsibilities or discretionary powers of the Collateral Agent are or may be ambiguous or inconsistent, the Collateral Agent shall notify the Noteholders and the Issuer, identifying the proposed action and the provisions that it considers are or may be ambiguous or inconsistent, and may decline either to perform such function or responsibility or to exercise such discretionary power unless it has received written confirmation that the Required Noteholders and, if no Default or Event of Default has occurred and is continuing, the Issuer, concur that the action proposed to be taken by the Collateral Agent is consistent with the terms of this Agreement or any of the other Financing Agreements or is otherwise appropriate. The Collateral Agent shall be fully protected in acting or refraining from acting upon the confirmation of the Required Noteholders and the Issuer in this respect, and such confirmation shall be binding upon the Collateral Agent and the Noteholders.

24.5. Knowledge of Event of Default.

The Collateral Agent shall not be deemed to have actual, constructive, direct or indirect knowledge or notice of the occurrence of any Default or Event of Default unless and

until the Collateral Agent has received a notice or a certificate from any Noteholder or the Issuer stating that a Default or Event of Default has occurred. The Collateral Agent shall have no obligation whatsoever either prior to or after receiving such notice or certificate to inquire whether a Default or Event of Default has in fact occurred and shall be entitled to rely conclusively, and shall be fully protected in so relying, on any notice or certificate so furnished to it. No provision of this Agreement or any other Financing Agreement shall require the Collateral Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it (*provided* that if a Noteholder that is an Institutional Investor with a minimum net worth of at least $50,000,000 undertakes to provide such indemnity, such Person's own unsecured agreement of indemnity shall be deemed to be adequate). In the event that the Collateral Agent receives a notice of the occurrence of any Default or Event of Default from the Issuer or any Noteholder, the Collateral Agent shall give notice thereof to each of the Noteholders. The Collateral Agent shall take such action with respect to such Default or Event of Default as so directed pursuant to the terms of the Financing Agreements or, in the event such action is discretionary on the part of the Collateral Agent, as so directed by the Required Noteholders.

24.6. Indemnification.

Without duplication of any amounts received by an Indemnified Person (as defined below in this Section 24.6) from the Issuer pursuant to an indemnity provision contained in any of the Security Documents, the Issuer agrees to indemnify and hold the Collateral Agent, its officers, directors, employees, agents, professional advisors and Affiliates (each an "Indemnified Person") harmless from and against any and all claims, damages (other than consequential damages), losses, liabilities, costs or expenses (including reasonable attorneys' fees and expenses) which any Indemnified Person may incur or which may be claimed against any Indemnified Person by any Person arising out of, relating to or in connection with this Agreement or any other Financing Agreement, including by reason of or in connection with any investigation, litigation or other proceeding relating to this Agreement (including, without limitation, enforcement of this Agreement or any other Financing Agreement), other than as a result of the Indemnified Person's material breach of this Agreement, gross negligence or willful misconduct.

25. MISCELLANEOUS.

25.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent Noteholder) whether so expressed or not.

25.2. Payments Due on Non-Business Days.

Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or Make-Whole Premium or interest on any Note that is due on a date

other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

25.3. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

25.4. Construction.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

25.5. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

25.6. Governing Law.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

Each Initial Noteholder in agreement with the foregoing, shall sign this Agreement on the accompanying counterpart of this Agreement and return it to the Issuer, whereupon the foregoing shall become a binding agreement between such Initial Noteholder and the Issuer.

Very truly yours,
PORTLAND NATURAL GAS TRANSMISSION SYSTEM

By: /s/ Richard H. Leehr
Name: Richard H. Leehr
Title: President

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

JPMORGAN CHASE BANK not in its individual capacity, but solely in its capacity as Collateral Agent

By: /s/ James P. Freeman
Name: James P. Freeman
Title Vice President

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

JOHN HANCOCK LIFE INSURANCE COMPANY

By: /s/ Jerry Hanrahan
Name: Jerry Hanrahan
Title: Director

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

INVESTORS PARTNER LIFE INSURANCE COMPANY

By: /s/ Jerry Hanrahan
Name: Jerry Hanrahan
Title: Authorizing Signatory

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

JOHN HANCOCK INSURANCE COMPANY OF VERMONT
(General Account)

By: /s/ Jerry Hanrahan
Name: Jerry Hanrahan
Title: Authorizing Signatory

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

JOHN HANCOCK INSURANCE COMPANY OF VERMONT (Protected Cell 301)

By: /s/ Jerry Hanrahan
Name: Jerry Hanrahan
Title: Authorizing Signatory

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

JOHN HANCOCK VARIABLE LIFE INSURANCE COMPANY

By: /s/ Jerry Hanrahan
Name: Jerry Hanrahan
Title: Authorizing Signatory

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

METROPOLITAN LIFE INSURANCE COMPANY

By: /s/ Stuart L. Ashton
Name: Stuart L. Ashton
Title: Director

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

AIG LIFE INSURANCE COMPANY

AIG ANNUITY INSURANCE COMPANY

AMERICAN GENERAL ASSURANCE COMPANY

By: AIG Global Investment Corp.,
investment adviser

By: /s/ Lorri J. White
Lorri J. White
Vice President

Signature Page to
Note Purchase Agreement
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: /s/ David A Barras
Name: David A Barras
Title: Its Authorized Representative

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

RELIASTAR LIFE INSURANCE COMPANY

SOUTHLAND LIFE INSURANCE COMPANY

By: ING Investment Management LIC, as Agent

By: /s/ Christopher P. Lyons
Name: Christopher P. Lyons
Title: Vice President

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

NATIONWIDE LIFE INSURANCE COMPANY

By: /s/ Mark W. Poeppelman
Name: Mark W. Poeppelman
Title: Vice President

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

NATIONWIDE MUTUAL INSURANCE COMPANY

By: /s/ Mark W. Poeppelman
Name: Mark W. Poeppelman
Title: Vice President

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

NATIONWIDE INDEMNITY COMPANY

By: /s/ Mark W. Poeppelman
Name: Mark W. Poeppelman
Title: Vice President

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

NEW YORK LIFE INSURANCE COMPANY

By: /s/ Kathleen A. Haberkern
Name: Kathleen A. Haberkern
Title: Investment Vice President

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION

By: New York Life Investment Management LLC, its Investment Manager

By: /s/ Kathleen A. Haberkern
Name: Kathleen A. Haberkern
Title: Director

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

THRIVENT FINANCIAL FOR LUTHERANS

By: /s/ Glen J. Vanic
Name: Glen J. Vanic
Title: Portfolio Manager

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

UNUM LIFE INSURANCE COMPANY OF AMERICA
By: Provident Investment Management, LLC
Its: Agent

By: /s/ W. Benson Vance
Name: W. Benson Vance
Title: Assistant Vice President

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

FIRST UNUM LIFE INSURANCE COMPANY
By: Provident Investment Management, LLC
Its: Agent

By: /s/ W. Benson Vance
Name: W. Benson Vance
Title: Assistant Vice President

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

Hartford Investment Services, Inc.
As Agent and Attorney-in Fact for:
HARTFORD LIFE AND ANNUITY INSURANCE COMPANY

By: /s/ Ronald A. Mendel
Name: Ronald A. Mendel
Title: Senior Vice President

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

Hartford Investment Services, Inc.
As Agent and Attorney-in Fact for:

HARTFORD UNDERWRITERS INSURANCE COMPANY

By: /s/ Ronald A. Mendel
Name: Ronald A. Mendel
Title: Senior Vice President

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

Hartford Investment Services, Inc.
As Agent and Attorney-in Fact for:
HARTFORD LIFE AND ACCIDENT INSURANCE COMPANY

By: /s/ Ronald A. Mendel
Name: Ronald A. Mendel
Title: Senior Vice President

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

UNITED OF OMAHA LIFE INSURANCE COMPANY

By: /s/ Edwin H. Garrison Jr.
Name: EDWIN H. GARRISON JR.
Title: FIRST VICE PRESIDENT

Signature Page to
Note Purchase Agreement
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

COMPANION LIFE INSURANCE COMPANY

By: /s/ Edwin H. Garrison, Jr.
Name: EDWIN H. GARRISON, JR.
Title: Authorized Representative

Signature Page to
Note Purchase Agreement
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

SAFECO LIFE INSURANCE COMPANY

By: /s/ Ronald L. Spaulding
Name: RONALD L. SPAULDING
Title: V.P., TREASURER

Signature Page to
Note Purchase Agreement
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

By: /s/ James G. Lowery
Name: JAMES G. LOWERY
Title: Assistant Vice President
Investments

By: /s/ Tad Anderson
Name: TAD ANDERSON
Title: Manager
Investments

Signature Page to
Note Purchase Agreement
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

CANADA LIFE INSURANCE COMPANY OF AMERICA

By: /s/ C. Paul English
Name: C. Paul English
Title: U.S. Securities Credit
Vice-President

Signature Page to
Note Purchase Agreement
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

THE CANADA LIFE ASSURANCE COMPANY

By: /s/ C. Paul English
Name: C. Paul English
Title: U.S. Securities Credit
Vice-President

Signature Page to
Note Purchase Agreement
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

THE CANADA LIFE ASSURANCE COMPANY

By: /s/ C. Paul English
Name: C. Paul English
Title: U.S. Securities Credit
Vice-President

Signature Page to
Note Purchase Agreement
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

THE OHIO NATIONAL LIFE INSURANCE COMPANY

By: /s/ Michael A. Boedeker
Name: Michael A. Boedeker
Title: Senior Vice President, Investments

Signature Page to
Note Purchase Agreement
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

FARM BUREAU LIFE INSURANCE COMPANY

By: /s/ Robert J. Rummelhart
Name: Robert J. Rummelhart
Title: Investment Vice President

Signature Page to
Note Purchase Agreement
dated as of April 10, 2003

The foregoing is hereby agreed to as of the date thereof.

EQUITRUST LIFE INSURANCE COMPANY

By: /s/ Robert J. Rummelhart
Name: Robert J. Rummelhart
Title: Investment Vice President

Signature Page to
Note Purchase Agreement,
dated as of April 10, 2003

Schedule B

RULES OF INTERPRETATION / DEFINED TERMS

Rules of Interpretation:

(a) All accounting terms not otherwise defined herein and in the NPA shall have the meanings ascribed to them in accordance with GAAP;

(b) references to a "Section", "Schedule" or an "Exhibit" are, unless otherwise specified, to a Section, Schedule or an Exhibit attached to the NPA;

(c) the words "herein," "hereof" and "hereunder" and other words of similar import shall refer to the NPA as a whole and not to any particular Article, Section or other subdivision;

(d) the words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation";

(e) unless otherwise expressly specified, any reference to a Law, regulation or professional standard of conduct referred to herein or in the NPA includes any amendment, supplement, or modification thereto and any rules and regulations issued thereunder or any Law, regulation or standard enacted or implemented in substitution or replacement therefor;

(f) any reference to "$" or "Dollars" shall mean the Dollar of the United States of America or such other legal tender of the United States of America which may be used from time to time;

(g) unless otherwise expressly specified, any agreement, contract or document defined or referred to herein or in the NPA shall mean such agreement, contract or document as in effect as of the date hereof, as the same may thereafter be amended, supplemented or otherwise modified from time to time (where applicable in accordance with the terms of the NPA and the other Financing Agreements); and

(h) any reference to any Person shall include its permitted successors and assigns, and in the case of any Governmental Authority, any Person succeeding to its functions and capacities.

Defined Terms:

Capitalized terms used in this Schedule B and the NPA (as defined below) shall have the meanings ascribed to such terms below and shall include the plural as well as the singular:

"Acceptable Bank" means a bank or trust company with a combined capital and surplus of at least $1,000,000,000 whose long-term unsecured senior debt is rated at least "A2" by Moody's and "A" by S&P.

"Account Collateral" has the meaning assigned to that term in the Collateral Agency and Depositary Agreement.

"Accounts" means the Initial Debt Service Reserve Account and the Loss Proceeds Account.

"Additional Senior Debt" means any Permitted Expansion Debt, Permitted Replacement Debt and Permitted Working Capital Debt of the Issuer or any of its Subsidiaries, together with any Debt under any Interest Rate Agreement entered into in accordance with Section 10.5 of the NPA Incurred after the Closing Date and, in each case to the extent secured, ranking *pari passu* in right of payment with all Senior Debt (including the Notes).

"Affiliate" means, with respect to any Person, any Subsidiary of such Person or any other Person directly or indirectly controlling (including, but not limited to, all directors and officers of such Person), controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control a corporation or a partnership if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation or partnership, whether through the ownership of voting securities, by contract or otherwise.

"Amount Subject to Refund" means the portion of any rate charge for natural gas transportation services that the Issuer receives pursuant to a Transportation Contract and for which a special reserve has been established and funded for purposes of refunding such amounts to one or more of its Shippers in the event that FERC either finds such rate charge not to be justified or approves for refund such rate charge, together with interest thereon, as established pursuant to the provisions of 18 C.F.R. § 154.501 (2002) or any substantially equivalent successor regulation.

"Androscoggin Transportation Contract" means the Gas Transportation Contract for Negotiated Firm Transportation Service, dated as of December 18, 1996, as amended by those certain amendments dated April 22, 1997, October 21, 1998, and October 24, 2002, between the Issuer and Androscoggin Energy LLC.

"Anti-Terrorism Order" means Executive Order No. 13,244 of September 24, 2001, Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, 66 Fed.Reg. 49,079 (2001), as amended.

"Applicable States" means the States of New Hampshire, Maine, Massachusetts and Vermont.

"Authorized Representative" means, with respect to any Person and any action to be taken or document to be delivered by such Person, the person or persons authorized to act on behalf of such Person by its board of directors or management committee or any other governing body of such Person with respect to such action or document.

"Bay State Transportation Contract" means, collectively, the Gas Transportation Contract for Firm Transportation Service dated as of June 27, 1997, as amended by Amendment No. 1, dated as of October 24, 2002, and the Gas Transportation Contract for Negotiated Firm Transportation Service, dated as of June 27, 1997, each between the Issuer and Bay State Gas Company.

"Business Day" means a day of the year on which banks are not required or authorized to close in Boston, Massachusetts, New York City, New York or Portsmouth, New Hampshire.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in the equity of such Person, including, without limitation, all partnership interests, common stock and preferred stock.

"Capitalized Lease Liabilities" means all monetary obligations of any Person under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases, and, for purposes of the NPA and each other Financing Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

"Cash Revenues" means, for any period, the sum of the following received by the Issuer on a cash basis of accounting during such period: all operating and other revenues and proceeds actually received by the Issuer (other than (i) any proceeds of investments which are required, pursuant to the terms of the Collateral Agency and Depositary Agreement, to be retained in the Accounts or (ii) any Amount Subject to Refund).

"Closing" has the meaning assigned to that term in Section 3 of the NPA.

"Closing Date" means the date of issuance of the Notes in accordance with the NPA.

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

"CoEnergy Transportation Contract" means the Gas Transportation Contract for Firm Transportation Service, dated as of July 9, 1997, as amended by

Amendment No 1, dated as of October 22, 2002, between the Issuer and CoEnergy Trading Company.

"Collateral" means all of the collateral purported to be governed by any or all of the Security Documents.

"Collateral Agency and Depositary Agreement" means the Collateral Agency and Depositary Agreement dated as of April 10, 2003 by and among the Issuer, JPMorgan Chase Bank, as depositary, and the Collateral Agent, substantially in the form of Exhibit B-1 to the NPA.

"Collateral Agent" means JPMorgan Chase Bank or any successor collateral agent appointed in accordance with the NPA.

"Confidential Information" has the meaning assigned to that term in Section 20 of the NPA.

"Consents" means consents and agreements to assignment relating to the Initial Transportation Contracts, the Initial Transportation Guaranties and the Initial Shipper Letters of Credit or any similar consent executed by the parties to any Future Transportation Contract, Future Transportation Guaranty or Future Shipper Letter of Credit, in the case of any Transportation Contract or any Transportation Guaranty, in form and substance substantially in the form of Exhibit B-2 to the NPA, and, in the case of any Shipper Letter of Credit, in form and substance substantially in the form of Annex I to the Security Agreement.

"Construction Credit Agreement" means the Credit Agreement, dated as of April 24, 1998, by and among the Issuer, the lenders named therein, Bank of Montreal and TD Securities (USA) Inc., as the co-arrangers, Bank of Montreal, as the letter of credit bank, and the Bank of Montreal, as the administrative agent, as amended by Amendment No. 1 of the Credit Agreement, dated as of September 30, 1998, Amendment No. 2 of the Credit Agreement, dated as of November 1, 1999, Amendment No. 3 of the Credit Agreement, dated as of February, 2001 and Amendment No. 4 of the Credit Agreement, dated as of June 28, 2001.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement.

"Current Refund Obligation" means the obligation of the Issuer under the Settlement Agreement to make refunds to the Initial Shippers.

"Debt" means, with respect to any Person, whether recourse is to all or a portion or none of the assets of such Person and whether or not contingent:

(a) obligations for borrowed money,

(b) obligations evidenced by bonds, debentures, notes or other similar instruments including obligations incurred in connection with the acquisition of property, assets or businesses,

(c) reimbursement obligations (contingent or otherwise) with respect to the issuance of letters of credit, banker's acceptances or similar facilities issued for the account of such Person,

(d) obligations under Currency Agreements and Interest Rate Agreements, or other interest rate hedging contracts or similar arrangements,

(e) obligations to pay the deferred purchase price of property or services (excluding trade accounts payable or accrued liabilities arising in the ordinary course of business),

(f) Capitalized Lease Liabilities, and

(g) Guaranty Obligations.

"Debt Service Coverage Ratio" means, for any period, the ratio of (a) Operating Cash Flow for such period to (b) Mandatory Debt Service for such period.

"Debt Service Payment" means the sum of interest, principal and Make Whole Premium, if any, with respect to outstanding Notes payable on each Debt Service Payment Date.

"Debt Service Payment Date" means each March 31, June 30, September 30 and December 31 beginning on June 30, 2003 and ending on the Stated Maturity.

"Debt Service Reserve Account" means (a) the Initial Debt Service Reserve Account and (b) any Permitted Additional Debt Service Reserve Account.

"Debt Service Reserve Guaranty" has the meaning assigned to that term in the Collateral Agency and Depositary Agreement.

"Debt Service Reserve Letter of Credit" has the meaning assigned to that term in the Collateral Agency and Depositary Agreement.

"Debt Service Reserve Requirement" has the meaning assigned to that term in the Collateral Agency and Depositary Agreement.

"Default" means the occurrence and continuance of an event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

"Default Rate" means, with respect to any Note, that rate of interest that is 2% per annum above the rate of interest stated in clause (a) of the first paragraph of such Note.

"Department of the Treasury Rule" means Blocked Persons, Specially Designated Nationals, Specifically Designated Terrorists, Foreign Terrorist Organizations, and Specially Designated Narcotics Traffickers: Additional Designations of Terrorism-Related Blocked Persons, 66 Fed. Reg. 54,404 (2001) (codified at appendix A to 31 CFR chapter V), as amended.

"Designated Project Agreements" means all Project Agreements, except the Partnership Agreement.

"Determination Date" means the date set for redemption (whether in whole or in part) of all or any portion of the Notes.

"Distributable Cash" means, as of any Debt Service Payment Date, cash that the Issuer is able to distribute as a Restricted Payment in accordance with the NPA, but opts not to distribute to the Partners.

"Dominion" means Dominion Bond Rating Service.

"DTE East Coast Pipeline" means DTE East Coast Pipeline Company, a Michigan corporation.

"Dth/d" means dekatherms, a unit of measure that is equivalent to 1,000,000 British Thermal Units, of natural gas per day.

"El Paso Portland" means El Paso Energy Portland Corporation, a Delaware corporation.

"EnergyNorth Transportation Contract" means the Gas Transportation Contract for Firm Transportation Service, dated as of July 13, 1999, as amended by Amendment No. 1, dated as of October 24, 2002, between the Issuer and EnergyNorth Natural Gas, Inc.

"Environmental Law" means any Law relating to the environment, natural resources, or safety or health of humans or other living organisms, including the release, emission, discharge, deposit, disposal, keeping, treatment, importation, exportation, production, transportation, handling, processing, carrying, manufacture, collection, sorting or presence of any Hazardous Substance.

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

"ERISA Affiliate" means, with respect to any Person, any trade or business (whether or not incorporated) which is a member of a group of which such Person is a member and which is treated as a single employer with such Person under Section 414 of the Code.

"ERISA Event" means:

(a) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the notice requirement with respect to such event has been waived;

(b) the application for a minimum funding waiver with respect to a Plan;

(c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(c) of ERISA;

(d) the withdrawal by the Issuer or any of its ERISA Affiliates from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA;

(e) the conditions for the imposition of a lien under Section 302(f) of ERISA shall have been met with respect to any Plan;

(f) the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA;

(g) the institution by the Pension Benefit Guaranty Corporation of proceedings to terminate, or cause a trustee to be appointed to administer a Plan pursuant to Section 4042 of ERISA; or

(h) the incurrence of withdrawal liability under Title IV of ERISA by the Issuer or any of its ERISA Affiliates upon the withdrawal by the Issuer or any of its ERISA Affiliates from a Multi-employer Plan or the incurrence of liability by the Issuer or any of its ERISA Affiliates upon the termination of a Multi-employer Plan.

"Event of Loss" means an event, including, without limitation, any Taking, which causes all or a portion of the Pipeline to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever.

"Event of Default" has the meaning assigned to that term in Section 11.1 of the NPA.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"FERC" means the Federal Energy Regulatory Commission or any successor thereto.

"Financing Agreements" means the NPA, the Notes, the Consents, any Intercreditor Agreement and the Security Documents.

"Future Shipper Letter of Credit" means any letter of credit provided to the Issuer or any Subsidiary after the Closing Date as credit support for any Shipper under a Transportation Contract.

"Future Transportation Contract" means any firm transportation contract for firm transportation service on the Pipeline entered into by the Issuer or any of its Subsidiaries after the Closing Date that (a) has a term in excess of 24 months or (b) is expected to generate revenues in excess of $5,000,000, in the aggregate.

"Future Transportation Guaranty" means any guaranty granted in favor of the Issuer or any Subsidiary of the Issuer after the Closing Date, which guarantees the obligations of any Shipper under a Transportation Contract.

"GAAP" means generally accepted accounting principles in the United States as in effect and as may be modified from time to time.

"Good Pipeline Practices" means the practices, methods and acts engaged in or approved by the interstate natural gas pipeline industry at a particular time for natural gas pipelines of similar design and construction as the Pipeline, which in the exercise of reasonable judgment at the time a decision was made, would have been expected to accomplish the desired result in a timely manner consistent with law, regulation, reliability, safety, environmental protection and economy. With respect to the Pipeline, Good Pipeline Practices include, but are not limited to, taking reasonable steps to ensure that:

(a) adequate materials, resources and supplies are available to meet the Pipeline's needs under normal conditions;

(b) sufficient operating personnel are available and are adequately experienced and trained to operate the Pipeline properly and efficiently and are capable of responding to emergency conditions;

(c) preventative, routine and non-routine maintenance and repairs are performed on a basis that ensures reliable long-term and safe operation, and are performed by knowledgeable, trained and experienced personnel utilizing proper equipment and tools; and

(d) appropriate monitoring and testing is done to ensure equipment is functioning as designed and to provide assurance that equipment will function properly under both normal and emergency conditions.

"Governmental Approval" means any authorization, consent, approval, license, franchise, ruling, tariff, rate, permit, certificate, exemption of, or filing or registration with, any Governmental Authority required in connection with either:

(a) the execution, delivery or performance of any Project Agreement by any party thereto,

(b) the giant and perfection of any Lien contemplated by the Security Documents, or

(c) the ownership, development, construction, completion, expansion, operation or maintenance of the Pipeline.

"Governmental Authority" means any nation or the federal government of the United States of America, any state or other political subdivision or agency thereof (including the FERC), and any legally constituted entity legally empowered to exercise executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any other governmental entity with authority over any aspect of construction, ownership, development, completion, expansion, maintenance or operation of the Pipeline.

"Granite State Gas Transmission Interconnection Agreements" means any agreement and amendments thereto, entered into between Granite State Gas Transmission, Inc. and the Issuer with respect to interconnections at the following points: (a) Westbrook, Maine; (b) Wells, Maine; and (c) Newington, New Hampshire.

"Guarantor Event of Default" has the meaning assigned to that term in any Debt Service Reserve Guaranty.

"Guaranty Obligations" means, with respect to any Person, obligations under direct or indirect guarantees or other assurances or support mechanisms (irrespective of their nomenclature) in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure any other Person against loss in respect of, indebtedness or obligations of such other Person or others of the kinds referred to in clauses (a) through (f) of the definition of "Debt" (such as obligations to pay for property or services irrespective of whether such property is tendered or transferred or such services are performed).

"Hazardous Substance" means any substance, waste, pollutant, contaminant or material subject to regulation under any Environmental Law.

"HQ Transportation Contract" means the Gas Transportation Contract for Firm Transportation Service, dated as of May 1, 1999, as amended by Amendment No. 1, dated as of October 21, 2002, between the Issuer and H.Q. Energy Services (U.S.) Inc.

"Hydro-Quebec Guaranty" means the Guaranty dated as of May 1, 1999, by Hydro-Quebec in favor of the Issuer, which guarantees the obligations of H.Q. Energy Services (U.S.) Inc. under the HQ Transportation Contract.

"Incur" means, with respect to any Debt, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Debt; *provided* that neither the accrual of interest nor the accretion of original discount shall be considered an Incurrence of Debt.

"Independent Consultants" has the meaning assigned to that term in Section 5.30 of the NPA.

"Independent Engineer" means R.W. Beck, Inc. and its successors and assigns or such other reputable engineering firm that provides, in the ordinary course of its business, consulting services to Persons who own, operate and/or construct pipelines in the ordinary course of their business; *provided* that neither such other firm, during the period of its professional engagement to examine the assumptions prepared by the Issuer or any of its Subsidiaries or at the date of its report, nor any member of such firm had, or was committed to acquire, any direct financial interest, or material indirect financial interest, in the Issuer or any of its Subsidiaries and neither such firm or any member of such firm was connected as a promoter, underwriter, voting trustee, director, officer or employee of the Issuer or any of its Subsidiaries.

"Independent Engineer's Report" means the Independent Engineer's Report-Portland Natural Gas Transmission System, dated February 28, 2003, prepared by the Independent Engineer and attached to the Private Placement Memorandum as Exhibit A.

"Independent Market Consultant" means ICF Resources Incorporated.

"Independent Market Consultant's Report" means the Independent Market Consultant's Report-Portland Natural Gas Transmission System, dated February 28, 2003, prepared by the Independent Market Consultant and attached to the Private Placement Memorandum as Exhibit B.

"Initial Debt Service Reserve Account" has the meaning assigned to that term in the Collateral Agency and Depositary Agreement.

"Initial Distribution" means a cash distribution of the Issuer to the Partners made with cash available therefor on the Business Day immediately preceding the Closing Date in a maximum amount not to exceed $20,000,000; *provided, however,* that, in no event shall the determination of "cash available" for such distribution include amounts set aside or required for the payment of the Current Refund Obligation.

"Initial Noteholder" means each Noteholder listed on Schedule A to the NPA purchasing any Notes on the Closing Date.

"Initial Shipper Letter of Credit" means any letter of credit in effect on the Closing Date that has been provided to the Issuer as credit support for any Initial Transportation Contract.

"Initial Shippers" means Wausau Papers of New Hampshire, Inc., CoEngergy Trading Company, Northern Utilities, Inc., Androscoggin Energy LLC, Bay State Gas Company, TransCanada Gas Services, Inc., MeadWestvaco Corporation, H.Q Energy Services (U.S.) Inc., Rumford Power Associates Limited Partnership and EnergyNorth Natural Gas, Inc.

"Initial Shipper Guarantors" means MCNEE, Hydro-Quebec, NiSource Inc., TransCanada PipeLine Limited, TransCanada PipeLine USA Ltd., KeySpan Corporation and Wausau-Mosinee Paper Corporation.

"Initial Transportation Contracts" means the Wausau Papers Transportation Contract, the CoEnergy Transportation Contract, the Northern Utilities Transportation Contract, the Androscoggin Transportation Contract, the Bay State Transportation Contract, the TransCanada Transportation Contract, the Mead Transportation Contract, the HQ Transportation Contract, the Rumford Transportation Contract and the EnergyNorth Transportation Contract.

"Initial Transportation Guaranties" means the MCNEE Guaranty, the TransCanada PipeLines Limited Guaranty, the Hydro-Quebec Guaranty, the NiSource Guaranty, the KeySpan Guaranty and the Wausau Guaranty.

"Institutional Investor" means (a) any Initial Noteholder, (b) any Noteholder holding more than $2,000,000 in aggregate principal amount of the Notes then outstanding, and (c) any bank, trust company, savings and loan association, venture capital fund or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form.

"Intercreditor Agreement" means (i) with respect to secured Permitted Working Capital Debt, a Working Capital Intercreditor Agreement and (ii) with respect to any other secured Additional Senior Debt, an intercreditor agreement entered into by the Collateral Agent, the Noteholders and the holders of such Additional Senior Debt in accordance with the NPA.

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement.

"Investment Company Act" means the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder.

"Investment Grade Rating" means, as the context requires, a rating of any Person's long-term unsecured Debt that attains either one or both of the following ratings: (x) "Baa3" or higher from Moody's and/or (y) "BBB-" or higher from S&P *(provided, however,* that with respect to any Shipper or Affiliate thereof organized in Canada, a rating of "BBB low" or higher from Dominion will be deemed to satisfy one of (x) or (y) if both such ratings are required), in each case, with a positive or stable outlook without being on negative watch (or any then current equivalent of any such qualifications), or, if at the time of determination, such letter ratings do not represent the lowest grade of "investment grade" rating of one or both of the Required Rating Agencies, then such rating as is the lowest "investment grade" rating accorded to any Person's long-term unsecured Debt by such Required Rating Agency, in each case, with a positive or stable

outlook without being on negative watch (or any then-current equivalent of any such qualifications).

"Investments" means any prudent investments by the Issuer or any of its Subsidiaries in financial obligations that do not subject the Issuer or any of its Subsidiaries to any incremental risk of loss beyond the amounts so invested Investments, in particular, shall exclude derivative securities or instruments and similar types of speculative investment products.

"Issuer" means Portland Natural Gas Transmission System, a Maine general partnership.

"Joint Facility" means that portion of the Pipeline consisting of approximately 101 miles of 30-inch mainline pipe, beginning in Westbrook, Maine and extending in a southwesterly direction through Maine, New Hampshire and into Massachusetts to interconnection points with Tennessee Gas Pipeline Company at Haverhill and Dracut, Massachusetts, as well as related laterals, meter facilities and appurtenances thereto.

"Joint Facility Agreements" means the Joint Facility Ownership Agreement and the Joint Facility Operating Agreement

"Joint Facility Operating Agreement" means the Operating Agreement, dated as of October 8, 1997, as amended by that certain Agreement Amending Definitive Agreements Regarding Spread 3, dated as of August 27, 1998, as further amended by that certain Owner Invoice Procedures Agreement under the Ownership Agreement, dated as of September 2, 1999, and as further amended by that certain amendment dated as of February 5, 2003, by and among M&N, the Issuer and M&N Operating Company.

"Joint Facility Ownership Agreement" means the Ownership Agreement, dated as of October 8, 1997, as amended by that certain Agreement Amending Definitive Agreements Regarding Spread 3, dated as of August 27, 1998, and as further amended by that certain Owner Invoice Procedures Agreement under the Ownership Agreement, dated as of September 2, 1999, between the Issuer and M&N.

"KeySpan Guaranty" means the Guaranty, dated as of April 9, 2003, by KeySpan Corporation, which guarantees the obligations of EnergyNorth Natural Gas, Inc., under the EnergyNorth Transportation Contract.

"Law" means any foreign, federal, state, local (including municipal) or other statute, law, rule, regulation, ordinance, order, code, policy or rule of common law, now or hereafter in effect, and any judicial or administrative interpretation thereof by a Governmental Authority or otherwise (including any judicial or administrative order, consent decree or judgment to which the Issuer or any of its Subsidiaries is a party).

"Letter of Credit Bank" means any bank providing a Shipper Letter of Credit.

"Lien" means, with respect to any Property or assets of any Person, any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, lien, charge, easement, encumbrance, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever on or with respect to such property or assets (including, without limitation, any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"Loss Proceeds" means all net proceeds from an Event of Loss, including, without limitation, condemnation proceeds and insurance proceeds or other amounts actually received on account of an event which causes all or a portion of the Pipeline to be damaged, destroyed or rendered unfit for normal use, other than the proceeds of business interruption insurance related to such event.

"Loss Proceeds Account" has the meaning assigned to that term in the Collateral Agency and Depositary Agreement.

"M&N" means Maritimes & Northeast Pipeline, L.L.C., a Delaware limited liability company.

"M&N Management Company" means M&N Management Company, a Delaware corporation.

"M&N Operating Company" means M&N Operating Company, a Delaware corporation.

"M&N Settlement Agreement" means the Maritimes Settlement Agreement, dated as of September 16, 2002, as approved by FERC on December 23, 2002, by and among the Issuer, PNGTS Operating Co., M&N Management Company, M&N Operating Company, and M&N.

"Make-Whole Premium" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal; *provided* that the Make-Whole Premium may in no event be less than zero. For the purposes of determining the Make-Whole Premium, the following terms have the following meanings:

> "Called Principal" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.3 of the NPA or has become or is declared to be immediately due and payable pursuant to Section 12.1 of the NPA, as the context requires.
>
> "Discounted Value" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice

> and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.
>
> "Reinvestment Yield" means, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by (i) the yields reported, as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" on the Bloomberg Financial Markets Services Screen (or such other display as may replace Page PX1 on the Bloomberg Financial Markets Services Screen) for actively traded U.S. Treasury

securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. The implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the actively traded U.S. Treasury security with the maturity closest to and greater than the Remaining Average Life and (2) the actively traded U.S. Treasury security with the maturity closest to and less than the Remaining Average Life.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that Would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date; *provided* that if such Settlement Date is not a date on which interest payments are

due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.3 of the NPA or Section 12.1 of the NPA.

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.3 of the NPA or has become or is declared to be immediately due and payable pursuant to Section 12.1 of the NPA, as the context requires.

"Mandatory Debt Service" means, for any period, the sum of all interest, Make-Whole Premium, if any, premium, if any, and principal due and payable during such period in respect of all Debt of the Issuer; *provided* that (i) fees, including consent fees, payable in connection with the issuance of any Additional Senior Debt and (ii) any capitalized interest relating to Additional Senior Debt which is paid solely with a portion of the proceeds of such Additional Senior Debt, shall be excluded. For the avoidance of doubt, any costs incurred and payments made by the Issuer in connection with the termination of certain Interest Rate Agreements at or around the Closing Date shall not be included in the calculation of Mandatory Debt Service.

"Material" means material in relation to the business, operations, affairs, financial condition, assets, prospects or properties of the Issuer and its Subsidiaries taken as a whole.

"Material Additional Contract" means, subject to the provisions of Section 10.13 of the NPA, any (i) Future Transportation Contract, (ii) Future Transportation Guaranty, (iii) contract or undertaking into which the Issuer or any of its Subsidiaries enters after the Closing Date which obligates the Issuer or such Subsidiary to make expenditures in excess of $5,000,000 *per annum* or (iv) replacement of any Project Agreement, which Project Agreement was entered into on or prior to the Closing Date.

"Material Agreements" has the meaning assigned to that term in Section 5.22 of the NPA.

"Material Adverse Effect" means, in light of all circumstances prevailing at the time, a material adverse effect on:

(a) the business, operations, assets, financial condition or prospects of the Issuer or any of its Subsidiaries, taken together as a whole;

(b) the ability of the Issuer to perform its obligations under any Financing Agreement (including, the timely payments of principal of, or Make-Whole Premium, if any, and interest on, the Notes);

(c) the legality, validity, enforceability or priority of the security interest of the Collateral Agent in the Collateral or the rights and remedies of the Secured Parties under any of the Financing Agreements; or

(d) the legality, validity or enforceability of any Financing Agreement or Project Agreement.

"Material Event of Loss" means an Event of Loss with respect to the Pipeline for which the total Loss Proceeds payable in respect of the lost or damaged Property are greater than $ 10,000,000.

"MCNEE" means MCN Energy Enterprises Inc., a Michigan corporation

"MCNEE Guaranty" means the Guaranty, dated as of July 7, 1997, as amended by that certain amendment dated as of April l1, 2000, by MCNEE, in favor of the Issuer, which guarantees the obligations of CoEnergy Trading Company under the CoEnergy Transportation Contract.

"Mead Transportation Contract" means the Gas Transportation Contract for Firm Transportation Service, dated as of April 21, 1998, as amended by Amendment No. 1, dated as of October 23, 2002, between the Issuer and MeadWestvaco Corporation (formerly known as The Mead

Corporation).

"MMBtu/d" means one million British Thermal Units of natural gas per day.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Issuer or any of its ERISA Affiliates is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions, such plan being maintained pursuant to one or more collective bargaining agreements.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, which (a) is maintained for employees of the Issuer or any of its ERISA Affiliates and at least one Person other than the Issuer and its ERISA Affiliates or (b) was so maintained and in respect of which the Issuer or any of its ERISA Affiliates could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"NAIC Annual Statement" means an annual statement for a life insurance company which has been approved by the National Association of Insurance Commissioners.

"NiSource Guaranty" means the Guaranty, dated as of January 30, 2003, by NiSource Inc., which guarantees the obligations of Northern Utilities Inc., under the Northern Utilities Transportation Contract.

"Northern New England" means Northern New England Investment Company, Inc., a Vermont corporation

"Northern Utilities Transportation Contract" means, collectively, the Gas Transportation Contract for Negotiated Firm Transportation Service, dated as of June 27, 1997, as amended by that certain letter agreement dated April 7, 1998, and the Gas Transportation Contract for Firm Transportation Service, dated as of June 27, 1997, as amended by Amendment No. 1, dated as of October 24, 2002, each between the Issuer and Northern Utilities, Inc.

"Note" has the meaning assigned to that term in Section 1 of the NPA.

"Noteholders" means (a) the Initial Noteholders and (b) each subsequent registered holder of a Note as shown on the register maintained by the Issuer pursuant to Section 13.1 of the NPA.

"NPA" means the Note Purchase Agreement, dated as of April 10, 2003, among the Issuer, the Collateral Agent and the Initial Noteholders.

"Obligations" means each and every obligation, covenant and agreement of the Issuer now or hereafter existing contained in the NPA, the Notes and each other Financing Agreement, in either case whether direct or indirect, joint or several, absolute or contingent, liquidated or unliquidated, now or hereafter existing, renewed or restructured, whether or not from time to time decreased or extinguished and later increased, created or incurred, and including all Debt of the Issuer under any instrument now or hereafter evidencing or securing any of the foregoing.

"Officer's Certificate" means, with respect to any Person, a certificate signed by an Authorized Representative of such Person.

"Operating Cash Flow" means, for any period, the excess, if any, of (a) all Cash Revenues received during such period *over* (b) all Operating Expenses paid (except those amounts for which reserves have been set aside which have previously been taken into account for purposes of calculating Operating Cash Flow) or reserved for payment during such period, other than nonrecurring Operating Expenses incurred in connection with the issuance or retirement of any Senior Debt.

"Operating Expenses" means, for any period, all operating and maintenance expenses of the Pipeline, the Issuer and its Subsidiaries for such period, paid or required to be paid in cash during such period, including:

(a) insurance premiums,

(b) all cash taxes paid or payable by the Issuer or any of its Subsidiaries,

(c) labor costs,

(d) utilities, supplies, and other services required for the day-to-day operation of the Pipeline,

(e) general and administrative and management costs with regard to the Pipeline (including any costs under the Portland North Facility Operating Agreement and the Joint Facility Operating Agreement),

(f) maintenance costs (including expenses and costs incurred for supplementing, repairing or replacing facilities or equipment),

(g) capital expenditures which are not funded by (x) Additional Senior Debt or Permitted Subordinated Debt, (y) an equity contribution by the Partners, or (z) amounts on deposit in the Unrestricted Account,

(h) right-of-way rentals and restoration and reclamation expenses,

(i) costs and fees incurred in connection with maintaining or obtaining any Governmental Approvals for the maintenance of the Pipeline,

(j) costs related to the settlement of litigation, fines, penalties, judgments and other costs associated with litigation,

(k) costs incurred by the Issuer in connection with or arising out of its performance of any of its obligations under the Financing Agreements (other than principal or interest payments),

(1) legal, accounting, engineering and other professional fees incurred in connection with any of the foregoing, and

(m) any amounts refunded to a Shipper (other than Amounts Subject to Refund).

For purposes of this definition, any of the foregoing Operating Expenses relating to the Joint Facility shall not exceed the Issuer's share of the total amount of all Operating Expenses relating to the Joint Facility (as determined in accordance with the provisions of the Joint Facility Operating Agreement).

"Payoff Letter" means the payoff letter between the Issuer and Bank of Montreal, the administrative agent and collateral agent under the Construction Credit Agreement and related security documents, relating to the payment in full of the Issuer's Debt under the Construction Credit Agreement and the release of collateral securing the obligations with respect thereto.

"Partners" means TCPL Portland, DTE East Coast Pipeline, El Paso Portland, Northern New England, for so long as such entity is a party to the Partnership Agreement, and each other Person admitted as a partner of the Issuer pursuant to the terms of the Partnership Agreement and the Financing Agreements.

"Partnership Agreement" means the Portland Natural Gas Transmission System Amended and Restated Partnership Agreement, dated as of March 1, 1996, as amended by the First Amendment thereto, dated as of May 23, 1996, and as further amended by the Second Amendment thereto, dated as of October 23, 1996, the Third Amendment thereto, dated March 17, 1998, the Fourth Amendment thereto, dated March 31, 1998, the Fifth Amendment thereto, dated June 3, 1998, the Sixth Amendment thereto, dated June 4, 1999, and the Seventh Amendment thereto, dated June 28, 2001, among TCPL Portland, DTE East Coast Pipeline, El Paso Portland, and Northern New England.

"Permitted Additional Debt Service Reserve Account" means an account established by the Issuer at a financial institution in connection with the Incurrence of any Additional Senior Debt in order to hold a reserve for the payment of Mandatory Debt Service relating to such Additional Senior Debt which is solely funded with one or more of the following: (i) an instrument substantially identical to a Debt Service Reserve Letter of Credit provided for the account of a Person other than the Issuer or any Subsidiary and not secured by the Property of the Issuer or any Subsidiary, (ii) an instrument substantially identical to a Debt Service Reserve Guaranty from a Person other than the Issuer or any Subsidiary and not secured by the Property of, or in any way constituting an obligation of (including by direct or indirect reimbursement obligation exercised by way of subrogation or otherwise) the Issuer or any Subsidiary or (iii) cash from a Partner, a Sponsor or, to the extent that there are any Operating Cash Flows available therefor after satisfaction of the conditions for Restricted Payments set forth in Section 10.6 of the NPA on the date of any such funding of a Permitted Additional Debt Service Reserve Account, the Issuer.

"Permitted Expansion Debt" means Debt of the Issuer which is Incurred in connection with the construction of any expansion of or improvement to the Pipeline which is undertaken by the Issuer in accordance with the Partnership Agreement in accordance with Section 10.5 of the NPA.

"Permitted Investments" means:

(a) obligations of or directly and fully guaranteed by the United States of America, or of any agency or instrumentality thereof, maturing not later than 365 days from the date of acquisition thereof;

(b) certificates of deposit, Eurodollar time deposits and banker's acceptances maturing not later than 365 days from the date of acquisition thereof, or overnight bank deposits, in each case held or maintained by any domestic commercial bank having capital and surplus in excess of $500,000,000 and having a commercial paper rating (or the holding company thereof having a commercial paper rating) of A-1 (or the equivalent thereof) or better by S&P and P-1 (or the equivalent thereof) or better by Moody's and which is a member of the Federal Reserve System;

(c) commercial paper rated (on the date of acquisition thereof) A-1 (or the equivalent thereof) or better by S&P and P-1 (or the equivalent thereof) or better by Moody's, maturing not later than 270 days from the date of acquisition thereof;

(d) guaranteed investment contracts maturing not later than 365 days from the date of acquisition thereof and entered into with (or fully guaranteed by) financial institutions whose long-term unsecured non-credit enhanced indebtedness is rated A- or better by S&P and A3 or better by Moody's; and

(e) investments in money market funds having a rating from each of S&P and Moody's in the highest investment category granted thereby.

"Permitted Liens" means:

(a) Liens for taxes (i) not delinquent or (ii) being contested in good faith, by appropriate proceedings and for which in the case of such clause (ii) adequate cash reserves in accordance with GAAP or other acceptable security is maintained by the Issuer or its relevant Subsidiary, as the case may be,

(b) deposits or pledges made in the ordinary course of business to secure obligations under worker's compensation, social security or similar laws, or under unemployment insurance,

(c) deposits or pledges made to secure bids, tenders, contracts (other than contracts for the payment of money), operating leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the ordinary course of business or as reasonably required in the event of an emergency relating to the Pipeline; *provided* that any such deposits or pledges are promptly released upon the rectification of the emergency situation,

(d) pledges of bills of lading and other customary documents to secure reimbursement obligations under commercial letters of credit and similar arrangements which constitute permitted Debt under Section 10.5 of the NPA,

(e) statutory mechanics', worker's, materialmen's, carrier's, supplier's, vendor's, warehousemen's or other like Liens arising in the ordinary course of business with respect to obligations which (i) are not due or (ii) are being contested in good faith and, in the case of such clause (ii) adequate cash reserves in accordance with GAAP or other security acceptable to the Person whose Lien is being contested is maintained by the Issuer or its relevant Subsidiary, as the case may be,

(f) easements, rights of way, reservations, restrictions, covenants, party-wall agreements, agreements for joint or common use, landlord's rights of distraint and other similar imperfections of title on real estate; *provided*, that such easements and imperfections are not incurred in connection with any Debt, do not

materially interfere with the use of the Property and assets of the Issuer or any of its Subsidiaries nor materially affect the operation or value of the Pipeline,

(g) attachment, judgment and other similar Liens arising in connection with court proceedings that are being contested in good faith and for which adequate cash reserves in accordance with GAAP or other acceptable security are maintained by the Issuer or its relevant Subsidiary, as the case may be,

(h) Liens created by and in accordance with the Financing Agreements,

(i) Liens created with respect to any Permitted Additional Debt Service Reserve Account,

(j) purchase money Liens, upon or in Property acquired or held by the Issuer in the ordinary course of business to secure the purchase price of such Property or to secure Debt Incurred solely for the purpose of financing the acquisition of any such Property to be subject to such Liens; *provided* that no such Lien shall extend to or cover any property that is integral to the operation of the Pipeline nor to any Property other than the Property being acquired, and no extension, renewal or replacement of any purchase money Lien shall extend to or cover Property not theretofore subject to the Lien being extended, renewed or replaced; and *provided, further,* that the aggregate amount of Debt secured by Liens permitted by this clause (j) shall not exceed $1,000,000, and

(k) other Liens arising from the operation of Law which (i) do not materially interfere with the use or operation of Issuer's or its Subsidiary's property and (ii) are being contested in good faith and in the case of such clause (ii) adequate cash reserves in accordance with GAAP or other security, reasonably acceptable to the Collateral Agent, is maintained by the Issuer or such Subsidiary, as the case may be.

"Permitted Replacement Debt" means Debt of the Issuer or any of its Subsidiaries which is Incurred for the purpose of repaying all or a portion of the Notes in accordance with Section 10.5 of the NPA.

"Permitted Restoration" means the completion, repair, restoration or rebuilding of the Portland North Facility or any portion thereof that is condemned or damaged (including the necessary rerouting or reconfiguration of the Portland North Facility in connection with such completion, repair, restoration or rebuilding) that (a) the plan for which is approved as being reasonable in writing by an Independent Engineer in its independent discretion and (b) is commenced by the Issuer within three months after the deposit of condemnation proceeds or insurance proceeds into the Loss Proceeds Account in accordance with the Financing Agreements.

"Permitted Subordinated Debt" means unsecured indebtedness of the Issuer or any of its Subsidiaries fully subordinated in right of payment to the Financing Agreements and the Notes on the terms set forth in Exhibit B-3 to the NPA.

"Permitted Working Capital Debt" means Debt of the Issuer or any of its Subsidiaries provided by a Working Capital Lender that is either unsecured or secured on a Ratable Basis and is Incurred in the ordinary course of business for working capital purposes in accordance with Section 10.5 of the NPA.

"Person" means an individual, partnership (including limited partnership, or limited liability partnership), corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Pipeline" means, collectively with all associated laterals and meter stations, a natural gas pipeline system consisting of the Portland North Facility and the Joint Facility, plus any expansions or improvements of either the Portland North Facility or the Joint Facility undertaken, in whole or in part, by the Issuer or any of its Subsidiaries in compliance with the Partnership Agreement and/or Joint Facility Agreements.

"Plan" means an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title IV of ERISA or is subject to Section 412 of the Code, other than a Multiemployer Plan, which is maintained, sponsored or contributed to, by the Issuer or any of its ERISA Affiliates.

"Pledge Agreements" means the Pledge Agreements, dated as of April 10, 2003, made by each of the Partners (including any subsequent transferee of a Partner or other Person becoming a Partner after the Closing Date), to the Collateral Agent for the benefit of the Secured Parties, substantially in the form of Exhibit B-4 to the NPA.

"PNGTS Operating Co." means the PNGTS Operating Co., LLC, a Massachusetts limited liability company.

"Portland North Facility" means that portion of the Pipeline consisting of approximately 144 miles of 24-inch mainline pipe, beginning at an interconnection with TQ&M at the Canada-US border in the State of Vermont near Pittsburg, New Hampshire and extending southeasterly through the States of Vermont, New Hampshire and Maine to Westbrook, Maine, as well as approximately 44 miles of laterals, meter facilities and appurtenances thereto.

"Portland North Facility Operating Agreement" means the Portland Natural Gas Transmission System Operating (Management) Agreement, dated as of October 2, 1996, as amended by that certain amendment dated as of September 7, 2000, by and between the Issuer and PNGTS Operating Co.

"Private Placement Memorandum" means the Confidential Private Placement Information Memorandum, dated March 2003, including all Appendices and Exhibits thereto and other documentation distributed therewith (including the fiscal year 2002 financial statements of the Issuer and its Subsidiary), relating to the transactions contemplated by the Financing Agreements.

"Project Agreements" means, collectively, at any date, the Partnership Agreement, the Transportation Contracts, the Transportation Guaranties, the TQ&M Interconnection Agreements, the Granite State Gas Transmission Interconnection Agreements, the Tennessee Gas Pipeline Company Interconnection Agreements, the Joint Facility Agreements, the Portland North Facility Operating Agreement, the Settlement Agreement, the M&N Settlement Agreement and each Material Additional Contract; *provided, however,* each such agreement shall cease to be a "Project Agreement" hereunder if (a) each party to such agreement shall have no further obligations under such agreement or (b) such agreement has expired in accordance with its terms.

"Projected Debt Service Coverage Ratio" shall mean, at any time of determination thereof, a projection of the Debt Service Coverage Ratio over the period specified, prepared by the Issuer in good faith based upon assumptions consistent in all material respects with (a) the applicable contracts to which the Issuer or PNGTS Operating Co., is a party, (b) historical operating results of the Issuer, and (c) the Issuer's good faith projections of future revenues and Operating Expenses of the Issuer in light of the then existing or reasonably expected regulatory and market environments applicable to the Issuer at any given time and upon the assumption that no early redemption or prepayment of the Notes or other Senior Debt will be made prior to the Stated Maturity of such Notes or other Senior Debt, unless such projection is prepared for the purpose of Incurring Debt specifically for the purpose of such redemption or prepayment (to the extent such Incurrence of Debt is permitted by the NPA).

"Projections" has the meaning assigned to that term in Section 5.28 of the NPA.

"Property" means any right or interest in or to assets or property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"PTE" means a Prohibited Transaction Exemption issued by the United States Department of Labor.

"PUHCA" means the Public Utility Holding Company Act of 1935.

"QPAM Exemption" means Prohibited Transaction Class Exemption 84-14 issued by the United States Department of Labor.

"RAP" means regulatory accounting principles, as reflected in the Uniform System of Accounts for Natural Gas Companies, 18 C.F.R Part 201, as amended from time to time, and including such accounting principles and policies as FERC may implement and observe from time to time under authority of the Natural Gas Act.

"Ratable Basis" means, with respect to the provision of any security to secure any Additional Senior Debt, security which is also (i) granted to the Collateral Agent pursuant to a Security Document, (ii) provided for the benefit of the Noteholders to secure the then outstanding Notes on a *pari passu* and *pro rata* basis with such Additional Senior Debt, and (iii) the subject of an Intercreditor Agreement.

"Rate Case" means the final order approving the settlement of the rate case filed by the Issuer with FERC on October 1, 2001, Docket No. RP02-13-000.

"Ratings Downgrade" means, at any given time, a reduction, downgrade or withdrawal of a rating then assigned to any Debt of any Person (including the placement of any such rating on "negative outlook" or "negative watch" or their equivalent) by either of the Required Rating Agencies.

"Ratings Reaffirmation" means, for any point in time, that the ratings on the Notes, as existing at such point in time, are reaffirmed, by S&P, after consideration of the then existing facts and circumstances and the effect of a proposed applicable event as being equal to (without the addition of any negative qualification, such as "having a negative outlook" or "being on negative watch") or higher than the then current ratings on the Notes, no earlier than thirty days prior to the proposed applicable event.

"Redemption Price" means the price to be paid by the Issuer for the Notes that are redeemed under Section 8.2 or Section 8.3 of the NPA.

"Regulation U" has the meaning assigned to that term in Section 5.14 of the NPA.

"Reputable Insurer" mean any financially sound and responsible insurance provider permitted to do business in the Applicable States 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).

"Required Noteholders" means, at any time, the holders of more than fifty percent (50%) in aggregate principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Issuer or any of its Affiliates).

"Required Rating Agencies" means S&P and Moody's, or, in the circumstances permitted in the definition of "Investment Grade Rating" and elsewhere in the Financing Agreements, Dominion.

"Restricted Payment" means all partnership distributions (whether set aside, declared or paid) by or of the Issuer (in cash or Property of the Issuer or any of its Subsidiaries or by way of any obligations thereof) or other payments or distributions on account of, or the purchase, redemption, retirement or other acquisition by the Issuer or any of its Subsidiaries of, any portion of any interest in the Issuer or in any Subsidiary of the Issuer, and any payments by the Issuer or any of its Subsidiaries on or with respect to any Permitted Subordinated Debt, in either case whether or not made from the Unrestricted Account.

"Rumford Transportation Contract" means the Gas Transportation Contract for Firm Transportation Service, dated as of February 12, 1998, as amended by Amendment No. 1, dated as of October 24, 2002, between the Issuer and Rumford Power Associates Limited Partnership.

"S&P" means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.

"SEC" means the United States Securities and Exchange Commission or any successor thereto.

"Secured Parties" means the Collateral Agent, the Noteholders and, only to the extent there are any, all holders of any permitted secured Additional Senior Debt.

"Securities Act" means the United States Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Security Agreement" means the Security Agreement, dated as of April 10, 2003, made by the Issuer to the Collateral Agent for the benefit of the Secured Parties, substantially in the form of Exhibit B-5 to the NPA.

"Security Documents" means the Collateral Agency and Depositary Agreement, the Security Agreement, each Pledge Agreement, each Debt Service Reserve Guaranty (if any), and related documents, including UCC financings statements, and any other instrument or agreement which creates a Lien securing the Notes or any Additional Senior Debt (other than any instrument providing a Lien solely in a Permitted Additional Debt Service Reserve Account for the benefit of the holder of such Additional Senior Debt).

"Senior Debt" means, collectively, Debt of the Issuer in respect of (i) the Notes issued on the Closing Date pursuant to the NPA, and (ii) any other Additional Senior Debt Incurred by the Issuer or any of its Subsidiaries in accordance with the NPA.

"Senior Debt Documents" means any document or instrument evidencing Senior Debt of the Issuer or providing a Lien in respect of any Senior Debt.

"Settlement Agreement" means the Stipulation and Settlement Agreement filed with FERC by the Issuer on October 25, 2002 and approved by FERC on January 14, 2003.

"Shipper Guarantor" means a Person (other than the Issuer or PNGTS Operating Co.) party to a guaranty agreement in favor of the Issuer which guarantees the obligations of a Shipper under such Shipper's Transportation Contract.

"Shipper Letter of Credit" means, collectively, the Initial Shipper Letters of Credit and the Future Shipper Letters of Credit.

"Shippers" means those Persons (other than the Issuer or PNGTS Operating Co.) party to the Transportation Contracts.

"Sponsors" means collectively, TransCanada PipeLines Limited, El Paso Corporation, Gaz Metropolitain, Inc., DTE Energy Company, and any additional or replacement Sponsor in accordance with the terms hereof.

"Stated Maturity" means December 31, 2018.

"Subsidiary" means with respect to any Person any corporation or unincorporated entity (including any form of partnership) of which more than 50% of the outstanding capital stock (or comparable interest) having ordinary voting power (irrespective of whether at the time capital stock or compatible interest of any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by said Person (whether directly or through one of more other Subsidiaries).

"Taken" or "Taking" means any circumstance or event in consequence of which the Pipeline or any substantial portion thereof shall be condemned, nationalized, seized, compulsorily acquired or otherwise expropriated by any Governmental Authority under power of eminent domain or otherwise, The terms "Taken" or "Taking" shall have a correlative meaning.

"Taxes" means all federal, state, local and foreign income, profits, franchise, gross receipts, environmental, customs duty, capital stock, severance, stamp, payroll, sales, employment, unemployment, disability, use, property, withholding, excise, production, alternative minimum, value added, occupancy and other taxes, duties or assessments of any nature whatsoever together with all interest, penalties, fines and additions to tax imposed with respect to such amounts and any interest in respect of such penalties and additions to tax.

"TCPL Portland" means TCPL Portland Inc., a Delaware corporation.

"Tennessee Gas Pipeline Company Interconnection Agreements" means, collectively, (a) the Agreement, dated as of October 8, 1997, among Tennessee Gas Pipeline Company, M&N and the Issuer (relating to the interconnection point with Tennessee Gas Pipeline Company at Haverhill, Massachusetts) and (b) the Agreement, dated as of October 8, 1997, among Tennessee Gas Pipeline Company, M&N and the Issuer (relating to the interconnection point with Tennessee Gas Pipeline Company at Dracut, Massachusetts).

"Total Capitalization" means, as of any date, the sum of (a) the Debt of the Issuer on such day plus (b) all amounts that would be shown as Partners' equity on a balance sheet of the Issuer as of such date prepared in accordance with GAAP.

"Total Loss" means (a) a total or constructive total loss of the Portland North Facility or the Pipeline in its entirety as a result of a casualty or (b) the Portland North Facility or the Pipeline in its entirety has been Taken.

"TQ&M" means Trans Quebec & Maritimes Pipeline Inc., a Canadian corporation.

"TQ&M Interconnection Agreements" means any agreement and amendment thereto, entered into between Trans Québéc & Maritimes Pipeline Inc. and the Issuer with respect to the interconnection near East Hereford, Québéc, Canada.

"Transaction Documents" means, collectively, the Project Agreements and the Financing Agreements.

"TransCanada Pipelines Limited Guaranty" means the Guaranty, dated as of September 3, 1997, by TransCanada PipeLines Limited and TransCanada PipeLine USA Ltd. (jointly and severally) in favor of the Issuer, which guarantees the obligations of TransCanada Gas Services, Inc. under the TransCanada Transportation Contract.

"TransCanada Transportation Contract" means the Gas Transportation Contract for Firm Transportation, dated as of July 9, 1997, as amended by the certain amendment dated April 30, 1999, as amended by Amendment No. 1, dated as of October 24, 2002, between the Issuer and TransCanada Gas Services, Inc.

"Transportation Contracts" means, collectively, the Initial Transportation Contracts and the Future Transportation Contracts.

"Transportation Guaranties" means, collectively, the Initial Transportation Guaranties and the Future Transportation Guaranties.

"Unrestricted Account" means an account of the Issuer with an Acceptable Bank which may only be funded with Distributable Cash, within twenty days of the Debt Service Payment Date on which such Distributable Cash could have been, but was not, distributed as a Restricted Payment pursuant to Section 10.6 of the NPA.

"Wausau Guaranty" means the Guaranty, dated as of February 13, 1998, by Wausau-Mosinee Paper Corporation in favor of the Issuer, which guaranties the obligations of Wausau Papers of New Hampshire, Inc. under the Wausau Papers Transportation Contract.

"Wausau Papers Transportation Contract" means the Gas Transportation Contract for Firm Transportation Service, dated as of November 7, 1997, as amended by Amendment No. 1, dated as of October 24, 2002, between the Issuer and Wausau Papers of New Hampshire, Inc.

"Wholly-Owned Subsidiary" means any Subsidiary of the Issuer that is 100% owned (both economically and beneficially) and controlled, directly or indirectly, by the Issuer.

"Working Capital Intercreditor Agreement" means any intercreditor agreement entered into between a Working Capital Lender, the Issuer, the Noteholders and the Collateral Agent, substantially in the form and substance of Exhibit B-6 of the NPA.

"Working Capital Lender" means one or more banks or trust companies each of which is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America, and each of which banks or trust companies has capital, surplus and undivided profits aggregating in excess of $500 million (or the foreign currency equivalent thereof).

Exhibit 4.2

Executed Version

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.

$140,000,000

6.63% Senior Notes due May 13, 2019

NOTE PURCHASE AGREEMENT

Dated as of May 13, 2009

TABLE OF CONTENTS

TO EACH OF THE PURCHASERS LISTED IN SCHEDULE A HERETO:

Ladies and Gentlemen:

IROQUOIS GAS TRANSMISSION SYSTEM, L.P., a Delaware limited partnership (the **"Company"),** agrees with each of the purchasers whose names appear at the end hereof (each, a **"Purchaser"** and, collectively, the **"Purchasers")** as follows:

SECTION 1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of (i) $140,000,000 aggregate principal amount of its 6.63% Senior Notes due May 13, 2019 (the **"Notes",** such term to include any such notes issued in substitution therefor pursuant to Section 13). The Notes shall be substantially in the form set out in Exhibit 1. Certain capitalized and other terms used in this Agreement are defined in Schedule B; and references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

SECTION 2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, the Notes, in the principal amount specified opposite such Purchaser's name in Schedule A at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

SECTION 3. CLOSING.

The sale and purchase of the Notes to be purchased by each Purchaser indicated on Schedule A hereto shall occur at the offices of Dewey & LeBoeuf LLP, 1301 Avenue of the Americas, New York, NY 10019, at 10:00 a.m., New York time, at a closing on May 13, 2009 (the "Closing"). At the Closing, the Company will deliver to each Purchaser the Notes to be purchased by such Purchaser in the form of a single Note, (or such greater number of Notes in denominations of at least $100,000 as such Purchaser may request) dated as of the date of the Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to the following account:

JPMORGAN CHASE BANK, N.A.
270 PARK AVENUE
NEW YORK, NY 10017

ABA#: 021000021
ACCOUNT NAME: IROQUOIS GAS TRANSMISSION SYSTEM, LP
ACCOUNT# 323063128

If at the Closing the Company shall fail to tender such Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

SECTION 4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing.

Section 4.2. Performance; No Default. After giving effect to the issue and sale of the Notes at the Closing (and the application of the proceeds thereof as contemplated by Section 5.15) no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Sections 10.1 through, and including, 10.14 had such Sections applied since such date.

Section 4.3. Compliance Certificates.

(a) *Officer's Certificate.* The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) *Secretary's Certificate.* The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of the Closing, certifying as to, among other things, (i) the completeness and correctness of the certificate of formation attached thereto, (ii) the completeness and correctness of one or more resolutions or other authorizations attached thereto and other limited partnership proceedings relating to the authorization, execution and delivery of the Notes and this Agreement, (iii) the completeness and correctness of the limited partnership agreement or other governing documents of the Company as in effect on the date on which the resolutions referred to in clause (ii) above were adopted as of the date of the Closing, (iv) the due organization and good standing of the Company under the laws of its jurisdiction of organization, and the absence of any proceeding for the dissolution or liquidation of the Company and (v) the names and true signatures of the officers of the Company authorized to sign this Agreement, the Notes and the other documents to be delivered hereunder. The Company shall have caused the Operator to deliver a certificate of its Secretary or Assistant

Secretary, dated the date of the Closing, certifying as to, among other things, (i) the completeness and correctness of the certificate of incorporation and By-laws of the Operator attached thereto, (ii) the completeness and correctness of the Operating Agreement, attached thereto, (iii) one or more resolutions or other authorizations attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Operating Agreement, (iv) the due organization and good standing of the Operator under the laws of its jurisdiction of organization, and the absence of any proceeding for the dissolution or liquidation of the Operator and (v) the names and true signatures of the officers of the Operator authorized to sign this Agreement, the Notes and the other documents to be delivered hereunder.

Section 4.4. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing (a) from Troutman Sanders LLP, special counsel for the Company, LLP and Jeffrey Bruner, Esq., General Counsel of the Company and the Operator, covering the matters set forth in Exhibit 4.4(a) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (b) Dewey & LeBoeuf LLP, the Purchasers' special counsel in connection with the transactions contemplated hereby, and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted By Applicable Law, Etc. On the date of the Closing such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Notes. Contemporaneously with the Closing the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at the Closing as specified in Schedule A.

Section 4.7. Payment of Special Counsel Fees. Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing the fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

Section 4.8. Private Placement Number. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for the Notes.

Section 4.9. Changes in Company Structure. The Company shall not have changed its jurisdiction of organization, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

Section 4.10. Funding Instructions. At least three Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in Section 3 including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes is to be deposited.

Section 4.11. Proceedings and Documents. All limited partnership and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents (which shall include, without limitation, copies of any Governmental Authority (including FERC) approval required for the issuance of the Notes) as such Purchaser or such special counsel may reasonably request.

Section 4.12. Rating. Such Purchaser or its counsel shall have received a letter dated on or prior to the Closing, from S&P, confirming an issuer credit rating from S&P of the Company of at least BBB+ and from Moody's confirming an issuer credit rating from Moody's of the Company of at least A3; provided, however, that, to the extent such letter is dated prior to the date of the Closing, no Ratings Event shall have occurred.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority. The Company is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified as a foreign limited partnership and is in good standing in the States of New York and Connecticut, and in each other jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the power (limited partnership and other) and authority to own or hold under lease the Properties it purports to own or hold under lease, to own and operate the Pipeline and transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof. The Company is not engaged in any business or activity that is not permitted by Section 10.8.

Section 5.2. Authorization, Etc. This Agreement and the Notes have been duly authorized by all necessary limited partnership action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in

accordance with their respective terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. The Company, through its agent, J.P.Morgan Securities Inc., has delivered to each Purchaser a copy of a Private Placement Memorandum, dated April, 2009 (the **"Memorandum"),** relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal Properties of the Company and its Subsidiaries. This Agreement, the Memorandum and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby and identified in Schedule 5.3, and the financial statements listed in Schedule 5.5 (this Agreement, the Memorandum and such documents, certificates or other writings and such financial statements delivered to each Purchaser prior to April 15, 2009 being referred to, collectively, as the **"Disclosure Documents"),** taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since December 31, 2008, there has been no change in the financial condition, operations, business, Properties or prospects of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the other Disclosure Documents.

Section 5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates.

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists (i) of the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, (ii) of the Company's and the Operator's managers, directors and senior officers, and (iii) of the Partners and their respective Partner Parents, partnership interests, voting bloc and voting bloc interests. The Company has no employees.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien.

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and is in compliance with all applicable laws and regulations except to the extent that the failure to comply there with could not, in the aggregate, reasonably be expected to have a Material

Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the Properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to any legal, regulatory, contractual or other restriction (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law or similar statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

(e) No Subsidiary is engaged in any business or activity that is not permitted by Section 10.8.

Section 5.5. Financial Statements; Material Liabilities. The Company has delivered to each Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5, which statements have been audited by Blum Shapiro & Company P.C. (for the years ended December 31,2006, December 31,2007 and December 31, 2008) and PricewaterhouseCoopers (for the years ended December 31, 2003, December 31, 2004, and December 31, 2005), each independent certified public accountants, who delivered an unqualified opinion with respect thereto. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP and RAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company and its Subsidiaries do not have any Material liabilities that are not disclosed on such financial statements or otherwise disclosed in the Disclosure Documents.

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of this Agreement and the Notes will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, the Partnership Agreement, any Transportation Agreement, or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective Properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary. No Contractual Obligation of the Company or any of its Subsidiaries has or is reasonably expected to have a Material Adverse Effect.

Section 5.7. **Governmental Authorizations, Etc.** No Governmental Approval or other consent or approval of third parties is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes. No material Governmental

Approval is required for the Company to own, and for the Company or the Operator to operate, the Pipeline, to transport up to 1479.8 MMcf/d of natural gas through the Pipeline and to carry on its business as now being conducted and as proposed to be conducted by it, or for the Company to issue the Notes, except for those Governmental Approvals which have been duly obtained or made, have been accepted by the Company, are in full force and effect, are not the subject of any pending judicial or administrative proceedings, and if the applicable statute, rule or regulation provides for a fixed period for judicial or administrative appeal or review thereof, such periods have expired and no petition for administrative or judicial appeal or review has been filed other than those Governmental Approvals and other consents or approvals of third parties the failure of which, individually or collectively, would not reasonably be expected to have a Material Adverse Effect.

Section 5.8. Litigation; Observance of Agreements, Statutes and Orders. (a) There are no actions, suits, investigations or proceedings pending or, to the best knowledge of the Company or the Operator, threatened against or affecting the Company or any Subsidiary or any property or assets of the Company or any Subsidiary, in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws or the USA Patriot Act) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. No Default of Event of Default has occurred or is continuing. To the knowledge of the Company, the Operator is not in breach of any condition, covenant or obligation to be observed or performed by it under the Operating Agreement, which in any case or in the aggregate could reasonably be expected to have a Material Adverse Effect. As of the date hereof, to the knowledge of the Company, (i) no party to any Primary Agreement is in breach of any condition, covenant or obligation to be observed or performed by such party thereunder, which in any case or in the aggregate could reasonably be expected to have a Material Adverse Effect and (ii) no condition exists which would permit, directly, with the passage or giving of notice or both, any party thereto to terminate any material Primary Agreement.

Section 5.9. Taxes. The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their Properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP and RAP. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, state or other taxes for all fiscal periods are adequate. The

Company (a) is taxable as a partnership for federal and state income tax purposes, (b) has not made an election under United States Treasury Regulations section 7701-3 to be taxed as an association taxable as a corporation, and (c) is not a “publicly traded partnership” as defined under section 7704(b) of the Code.

Section 5.10. Title to Property; Leases. The Company and its Subsidiaries have good and sufficient title to their respective Properties that individually or in the aggregate are Material (including the Pipeline), including all such Properties reflected in the most recent audited financial statements referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. The Company has title in fee simple to, or a valid leasehold interest in, or a valid right of way and easement or license over, all real property required for the operation and maintenance of the Pipeline. All recordings, filings and other actions that are necessary or appropriate in order to create, perfect, preserve, and protect the right, title, estate and interest of the Company in and to such real property have been duly made or taken, and all fees, taxes and other charges relating to such recordings, filings and other actions have been, or at the time of each such recording, filing or other action will be, paid by or on behalf of the Company. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc. (a) The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, without known conflict with the rights of others, except to the extent the failure to own or possess such licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect

(b) To the best knowledge of the Company, no product of the Company or any of its Subsidiaries infringes any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person, except where such infringement could not reasonably be expected to have a Material Adverse Effect.

(c) To the best knowledge of the Company, there is no violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries, except where such violation could not reasonably be expected to have a Material Adverse Effect.

Section 5.12. Compliance with ERISA. (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected

to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, Properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to section 401(a)(29) or 412 of the Code or section 4068 of ERISA, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term **"benefit liabilities"** has the meaning specified in section 4001 of ERISA and the terms **"current value"** and **"present value"** have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of such Purchaser's representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by such Purchaser.

Section 5.13. Delivery of Certain Primary Agreements. As of the date of the Closing, the Purchasers have received a true and complete copy of the Operating Agreement and the Partnership Agreement, and each such agreement is in full force and effect.

Section 5.14. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than the Purchasers and not more than 75 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

Section 5.15. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Notes as set forth in the section titled "The Offering and Use of Proceeds" of the Memorandum. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), in violation of said Regulation U or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 2% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 2% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

Section 5.16. Existing Indebtedness; Future Liens. (a) Except as described therein, Schedule 5.16 sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries as of March 31, 2009 [1] (including a description of the obligors and obligees, principal amount outstanding and collateral therefor, if any, and Guaranty thereof, if any), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or its Subsidiaries. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any Indebtedness of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.16, neither the Company nor any Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.3.

(c) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company or such Subsidiary, any agreement relating thereto or any other agreement (including, but not limited to, its charter or other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company, except as specifically indicated in Schedule 5.16.

Section 5.17. Foreign Assets Control Regulations, Etc. (a) Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

[1] Schedule 5.16 to be updated by the Company as of or closer to the date of Closing.

(b) Neither the Company nor any Subsidiary (i) is a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti Terrorism Order or (ii) engages in any dealings or transactions with any such Person. The Company and its Subsidiaries are in compliance, in all material respects, with the USA Patriot Act.

(c) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain,

retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, assuming in all cases that such Act applies to the Company.

Section 5.18. Status under Certain Statutes. Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 2005, as amended, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

Section 5.19. Environmental Matters. (a) Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(c) Neither the Company nor any Subsidiary has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect.

(d) All buildings on all real properties now owned, leased or operated by or on behalf of the Company or any Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

Section 5.20. Insurance. The Company and each of its Subsidiaries have insurance (including, without limitation, insurance covering terrorism and/or terrorist actions) covering their respective Properties, operations, personnel and businesses, which insurance is in amounts and insures against such losses and risks as are adequate to protect the Company and its Subsidiaries and their respective businesses. Neither the Company nor any of its Subsidiaries (i) has received 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 or (ii) has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at a reasonable cost from similar insurers as may be necessary to continue each of their respective businesses.

Section 5.21. No Labor Disputes. No labor disturbance by or dispute with the employees of the Company or the Operator exists or, to the best knowledge of the Company, is contemplated or threatened that could reasonably be expected to have a Material Adverse Effect.

Section 5.22. Ranking. The Notes and all other obligations of the Company under this Agreement will rank pari passu with all other senior unsecured and unsubordinated Indebtedness of the Company.

SECTION 6. REPRESENTATIONS OF THE PURCHASERS.

Section 6.1. Purchase for Investment. Each Purchaser severally represents that it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

Section 6.2. Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a **"Source")** to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption **("PTE")** 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the **"NAIC Annual Statement"))** for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such

separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part V of PTE 84-14 (the **"QPAM Exemption")**) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(l) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Section IV of PTE 96-23 (the **"INHAM Exemption")**) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in Section IV(d) of the INHAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms **"employee benefit plan," "governmental plan,"** and **"separate account"** shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 7. INFORMATION AS TO COMPANY.

Section 7.1. Financial and Business Information. From and after the date of this Agreement the Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) *Quarterly Statements*- as soon as available, but in any event within 45 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) an unaudited consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) unaudited consolidated statements of income, Partners' equity and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally (except for the omission of footnotes and subject to normal year-end adjustment), and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the entities being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

(b) *Annual Statements* — as soon as available, but in any event within 90 days after the end of each fiscal year of the Company, duplicate copies of

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, and

(ii) consolidated statements of income, Partners' equity and cash flows of the Company and its Subsidiaries for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by

(A) an opinion thereon of Blum, Shapiro & Company P.C. or other independent public accountants of recognized national or regional standing with experience in auditing companies of similar size and in similar businesses as the Company, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in

connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and

(B) a certificate of a Senior Financial Officer stating that they have reviewed this Agreement and stating further whether, in making their audit, they have become aware of any condition or event that then constitutes a Default or an Event of Default, and, if they are aware that any such condition or event then exists, specifying the nature and period of the existence thereof.

(c) *SEC and Other Reports* -promptly upon their becoming available, one copy of (i) each financial statement, report, or notice sent by the Company or any Subsidiary to its principal lending banks as a whole, except such as are ministerial in nature and in respect of which a failure to notify could not reasonably be expected to have a Material Adverse Effect, (ii) to the extent the Company is required to file any report with the SEC or any national securities exchange pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC or any national securities exchange, (iii) a copy of (x) the initial filing made by the Company or any of its Subsidiaries with FERC which is a request for a new extension of the Pipeline and (y) any filings or other submissions seeking a change in rates or charges (except for minor rate changes), and (iv) all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(d) *Notice of Default or Event of Default* — promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section ll(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *ERISA Matters* — promptly, and in any event within five days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the

receipt by the Company or any ERISA Affiliate of a notice from a Multi-employer Plan that such action has been taken by the PBGC with respect to such Multi-employer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) *Notices from Governmental Authority* — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(g) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any holder ofNotes that is an Institutional Investor.

Section 7.2. **Officer's Certificate.** Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) *Covenant Compliance*- a statement and calculation (including details of such calculation) (i) of the Debt Service Coverage Ratio, during the quarterly or annual period covered by the statements then being furnished (including the calculations of the maximum or minimum amount of the Debt Service Coverage Ratio permissible under the terms of Section 10.5, and the calculation of the Debt Service Coverage Ratio then in existence), (ii) of the ratio of Indebtedness of the Company (excluding Affiliate Subordinated Indebtedness) and of its Subsidiaries, taken as a whole with the Company, to Total Capitalization of the Company, (a) during the quarterly or annual period covered by the statements then being furnished and (b) prior to and after giving effect to each Incurrence of lndebtedness of the Company or any of its Subsidiaries (to the extent such Incurrence is permitted under Section 10.4 or 10.13) and (iii) evidencing the Company's compliance with the provisions of Section 10.3(viii) relating to the basket for Liens during the quarterly or annual period covered by the statements then being furnished; and

(b) *Event of Default* — a statement that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its

Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. **Visitation.** The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) *No Default*- if no Default or Event of Default then exists, at the expense of such holder, upon reasonable prior notice to the Company and subject to the requirements of Section 20, to visit the principal executive office of the Company, to discuss the affairs, finances and

accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default* —if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

SECTION 8. PAYMENT AND PREPAYMENT OF THE NOTES.

Section 8.1. Maturity. As provided therein, the entire unpaid principal balance of the Notes shall be due and payable on the stated maturity date thereof.

Section 8.2. Optional Prepayments with Make-Whole Amount. The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than 5% (five percent) of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect

to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

Section 8.3. Allocation of Partial Prepayments. In the case of each partial prepayment of the Notes, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

Section 8.4. Maturity; Surrender, Etc. In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make- Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.5. Purchase of Notes. The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment or prepayment of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.6. Make-Whole Amount.

"Make-Whole Amount" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by (i) the yields reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX 1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date.

In the case of each determination under clause (i) or clause (ii), as the case may be, of the preceding paragraph, such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the applicable U.S. Treasury security with the maturity closest to and greater than such Remaining Average Life and (2) the applicable U.S. Treasury security with the maturity closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 12.1.

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

Section 8.7. Mandatory Prepayment.

(i) Upon the occurrence of (a) a Catastrophic Loss, or (b) a Material Loss in the event that the Company does not use the Loss Proceeds received to rebuild or repair the Pipeline or otherwise render the Pipeline fit for normal use, the Company shall prepay Notes in an amount equal to the Pro Rata Portion of the Loss Proceeds (which Pro Rata Portion shall be calculated as at the date which is two Business Days prior to the Determination Date (as defined below) of the Notes to be prepaid), in whole or in part ratably among the holders of the Notes at a prepayment price equal to all unpaid principal thereof plus accrued and unpaid interest thereon to and on a date to be determined by the Company, which date shall fall within three (3) months after the date on which the Loss Proceeds are received by or on behalf of the Company (such date, the **"Determination Date").**

(ii) Subject to the requirements set forth in clause (iii) below, the Company shall, at least 60 days prior to the Determination Date as established by the Company (unless a shorter notice period shall be specified with respect to the same redemption or repayment event pursuant to the Senior Indenture or the Senior Loan Agreement), deliver to each holder of Notes a notice specifying (a) the event giving rise or potentially giving rise to a mandatory prepayment pursuant to Section 8.7(i), (b) the Determination Date to be established hereunder, (c) the prepayment price, (d) the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3) and (e) that the prepayment price shall be wire transferred (in immediately available funds) to the holder of each Note being prepaid. The Company shall, no later than 45 days prior to the Determination Date, deliver to each holder of Notes a certificate of a Senior Financial Officer, describing the occurrence of the event and an estimate of the amount of the Catastrophic Loss or Material Loss, as the case may be.

(iii) The Notes shall also be subject to mandatory prepayment pursuant to the provisions of Section 10.1(A).

SECTION 9. AFFIRMATIVE COVENANTS.

The Company covenants that from and after the date of this Agreement and for so long as any of the Notes are outstanding:

Section 9.1. Maintenance of Existence, etc. Except as permitted by Section 10.6, the Company shall, and shall cause each of its Subsidiaries to, at all times (i) preserve and maintain in full force and effect (a) the Company's existence as a limited partnership under the laws of the State of Delaware and, in the case of a Subsidiary, its legal existence, and (b) the Company's and its Subsidiaries' respective qualifications to do business in each other jurisdiction in which the conduct of their respective business requires such qualification, unless, in the good faith judgment of the Company, the failure so to qualify could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (ii) preserve and maintain all of its rights, privileges and franchises necessary for the construction, ownership and operation of the Pipeline in accordance with the Primary Agreements, unless the Company has concluded that certain failures to so preserve or maintain is desirable in the conduct of its business and the Company has concluded, in its good faith judgment, that such failures to so

preserve or maintain would not, individually or in the aggregate, result in a Material Adverse Effect, and (iii) comply in all respects with the provisions of the Primary Agreements, unless in the good faith judgment of the Company failure to comply would not, individually or in the aggregate, result in a Material Adverse Effect. The Company shall not, and shall cause each of its Subsidiaries not to, amend its organizational documents in any manner that could reasonably be expected to have a Material Adverse Effect.

Section 9.2. Books and Records. The Company shall, and shall cause each of its Subsidiaries to, keep proper books of records and accounts in which full, true and correct entries shall be made of all of its transactions in accordance with GAAP, RAP and all other applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be and agrees that any Institutional Investor may inspect such books of records and accounts from time to time upon reasonable notice.

Section 9.3. Enforcement of Primary Agreements. The Company shall, and shall cause each of its Subsidiaries to, enforce all of its rights under, perform all actions required of it to comply with its obligations under, and maintain in full force and effect, the Primary Agreements, unless the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 9.4. Maintenance of Rating. The Company shall maintain at least an issuer rating from at least one of S&P, Moodys or Fitch Investors Service.

Section 9.5. Maintenance of Properties. The Company will cause the Pipeline to be maintained and kept in good condition, repair and working order (normal wear and tear excepted) and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times.

Section 9.6. Maintenance of Insurance. The Company will provide or cause to be provided, for itself and its Subsidiaries, insurance (including appropriate self-insurance) against loss or damage of the kinds customarily insured against by companies similarly situated and owning like properties, including, but not limited to, products liability insurance and public liability insurance, with reputable insurers or with the government of the United States of America, or an agency or instrumentality thereof, in such amounts, with such deductibles and by such methods as shall be customary for companies similarly situated in the industry in which the Company is then conducting business.

Section 9.7. Payment of Taxes and Other Claims. The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and will pay or discharge and shall cause each of its Subsidiaries to pay or discharge, or cause to be paid or discharged, before the same shall become delinquent (i) all material taxes, assessments and governmental charges levied or imposed upon (a) the Company or any such Subsidiary, (b) the income or profits of any such Subsidiary which is a corporation or (c) the property of the Company or any such Subsidiary and (ii) all material lawful claims for labor, materials and supplies that, if unpaid, might by law become a lien upon the property of the Company or any

such Subsidiary; *provided* that the Company shall not be required to pay or discharge, or cause to be paid or discharged, any such tax, assessment, charge or claim the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves have been established in conformity with GAAP and RAP.

Section 9.8. Maintenance of all Rights to all Pipeline Related Property. The Company shall, and shall cause each of its Subsidiaries to, maintain all rights to all Pipeline related Property unless the failure to do so will not have a Material Adverse Effect.

Section 9.9. Use of Proceeds. The Company shall apply the net proceeds from the issuance and sale of any series of Notes as set forth in the Memorandum under the caption “Offering and Use of Proceeds”.

Section 9.10. Compliance with Laws and Regulations. Without limiting Section 10.12, the Company shall, and shall cause its Subsidiaries to, comply with all laws, ordinances, government rules, regulations or court decrees to which its property or assets may be subject (including, but not limited to, Environmental Laws and safety regulations relating to the transportation of natural gas or for the discharge or handling of hazardous fuels), except where failure to comply would not reasonably be expected to result in a Material Adverse Effect.

Section 9.11. Permits; Approvals. The Company shall, and shall cause its Subsidiaries to, possess all licenses, certificates, authorizations and permits issued by federal, state or foreign regulatory bodies which are necessary or desirable for the ownership of their respective Properties (including, without limitation, the Pipeline) or the conduct of their respective businesses as so conducted, except where failure to possess such licenses, certificates, authorization or permits would not have a Material Adverse Effect.

Section 9.12. Ranking. The Company will cause its obligations under the Notes and all other obligations of the Company under this Agreement at all times to rank pari passu with all other senior unsecured and unsubordinated Indebtedness of the Company.

SECTION 10. NEGATIVE COVENANTS.

The Company covenants and agrees that, from and after the date of this Agreement and for so long as any of the Notes are outstanding, it shall observe the following negative covenants:

Section 10.1. Limitations on Asset Sales.

The Company will not consummate any Asset Sale, unless (i) the consideration received by the Company is at least equal to the Fair Market Value of the assets sold or disposed of and (ii) at least 90% of the consideration received consists of cash or Temporary Cash Investments or the assumption of Indebtedness of the Company (other than Indebtedness to any Subsidiary), provided that (a) the Person assuming such Indebtedness is a corporation, limited liability company, partnership or trust organized under the laws of the United States or any State or the District of Columbia and expressly assumes the Indebtedness obligations under this Agreement and the Notes, (b) immediately after such transaction, such assuming Person is not in default in the performance of any covenants or conditions contained in the Senior Indenture, this

Agreement and/or Notes, (c) the Person assuming the Indebtedness must be rated at least investment grade by *both* Moody’s (which as of the date of this Agreement is at least Baa3) and S&P (which as of the date of this Agreement is at least BBB-) and with a stable outlook with respect to each such rating prior to and immediately after such assumption of Indebtedness and the Company, prior to the consummation of any such assumption of Indebtedness, shall deliver, or shall cause to be delivered, to each holder of Notes satisfactory evidence of such ratings and stable outlook, (d) such Person shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof and (e) the Company is irrevocably and unconditionally released from all liability under such Indebtedness.

In the event and to the extent that the Company receives Net Cash Proceeds from one or more Asset Sales occurring on or after the date of the Closing, the Company shall within six months after the receipt of such Net Cash Proceeds:

(A) apply an amount equal to the Pro Rata Portion of such Net Cash Proceeds to consummate an Offer to Purchase Notes owing to a Person (other than the Company, any of its Partners or any of their respective Affiliates) at a purchase price equal to 100% of the principal amount thereof plus accrued interest (if any) to the OTP Payment Date; or

(B) invest an equal amount or enter into a definitive agreement committing to so invest within 12 months after the date of such agreement, in Property (other than current assets) of a business or businesses meeting the requirements set forth in Section 10.8.

Section 10.2. Limitations on Actions with Respect to Primary Agreements. The Company will not, and will cause each of its Subsidiaries not to, agree or consent to any termination, modification, supplement or waiver of any Primary Agreement, nor shall the Company initiate any change to the tariff, if the Company reasonably determines that such termination, modification, supplement or waiver of any such Primary Agreement or change to the tariff would individually or collectively with all other such terminations, modifications, supplements and waivers of the Primary Agreement and changes to the tariff, reasonably be expected to have a Material Adverse Effect.

Section 10.3. Limitations on Liens. The Company will not and will cause each of its Subsidiaries not to create, incur, assume or suffer to exist any Lien upon any of the Company's or such Subsidiary's Property, whether now owned or hereafter acquired other than:

(i) a Lien that equally and ratably secures all of the Notes, subject to arrangements and documentation regarding such security (including any intercreditor arrangements) being in form and substance satisfactory to each holder of Notes;

(ii) a Lien that is created in favor of a governmental entity, mechanic, materialman or lessor in the ordinary course of business and payment of which is not

overdue for a period of more than 30 days, but not in any event Liens in favor of a lessor in a sale-leaseback transaction;

(iii) a Lien that is the result of a court judgment as to which all rights of appeal have not terminated and is bonded or pledged or enforcement of which will not have a Material Adverse Effect on the Company or its Subsidiaries;

(iv) a Lien that extends, renews or replaces in whole or in part a Lien referred to herein (other than any additional Lien described in clause (viii) below);

(v) a Lien that secures pledges or deposits under worker's compensation, unemployment insurance and other social security legislation;

(vi) a Lien that consists of easements, rights-of-way or other similar encumbrances which do not interfere with the business or operations of the Company;

(vii) a Lien granted by a Subsidiary upon any of such Subsidiary's assets to secure Non-Recourse Indebtedness; and

(viii) any additional Lien; *provided* that the Indebtedness secured by such Lien, plus all other Indebtedness secured by Liens (including Indebtedness for Capitalized Lease Obligations but excluding Indebtedness secured by Liens otherwise permitted by clauses (i) through (vi) above), plus all leases under sale-leaseback transactions which the Company has not elected to treat as an Asset Sale, does not exceed 3% of Total Capitalization of the Company.

Section 10.4. Limitations on Indebtedness. The Company will not Incur additional Indebtedness and will not (other than as permitted by Section 10.13) permit any of its Subsidiaries to Incur any Indebtedness unless, with respect to any additional Indebtedness that the Company or any of its Subsidiaries (but only to the extent permitted by Section 10.13) proposes to Incur,

(i) immediately after giVmg effect to such Incurrence, the ratio of Indebtedness of the Company (excluding Affiliate Subordinated Debt) and its Subsidiaries, taken together, to Total Capitalization does not exceed 75%; and

(ii) no Default or Event or Default shall have occurred and be continuing at the time of such Incurrence, and no Default or Event of Default shall result from such Incurrence;

Notwithstanding any other provision of this Section 10.4, the maximum amount of Indebtedness that the Company may Incur pursuant to this Section 10.4 shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, due solely to the result of fluctuations in interest rates designated in any Interest Rate Agreement or the exchange rates of currencies.

For purposes of determining any particular amount of Indebtedness under this Section 10.4, guarantees, Liens or obligations with respect to letters of credit supporting Indebtedness

otherwise included in the determination of such particular amount shall not be included. For purposes of clarification and not limitation, any Lien securing Indebtedness incurred by the Company or any Subsidiary of the Company (other than Liens described in clause (vi) of the definition of "Indebtedness") shall not be counted as a separate Incurrence of Indebtedness.

Section 10.5. Limitations on Distributions. The Company will not declare or make any Distribution at any time unless: (i) no Default or Event of Default shall have occurred and be continuing, or would occur as a result of declaring or making such Distribution, (ii) the ratio of Indebtedness to Total Capitalization after giving effect to such intended Distribution does not exceed 75%, (iii) (A) the Debt Service Coverage Ratio of the Company for the last four calendar quarters taken as a whole prior to the date of such intended Distribution is at least 1.25 to 1 and (B) if the then current rating of the Notes is

below BBB+ from S&P or below A3 from Moody's, the Projected Debt Service Coverage Ratio of the Company for the next four calendar quarters from such date of Distribution is expected to be at least 1.25 to 1, both as certified by the Company in an Officer's Certificate delivered to each holder of Notes pursuant to Section 7.2(a); *provided* that this Section 10.5(iii)(B) shall not apply in the case of any Distribution made in the twelve months prior to the final maturity date of the longest maturing Notes if, after making such Distribution, the cash on hand of the Company and the expected Operating Cash Flow for the period commencing on the date of such Distribution and ending on the final maturity date of such longest maturing Notes will be sufficient to enable the Company to make the Debt Service Payment due on such final maturity date as certified by the Company in an Officer's Certificate delivered to each holder of Notes pursuant to Section 7.2(a) and (iv) after making such Distribution, the cash on hand of the Company, the expected Operating Cash Flow for the period commencing on the date of such Distribution and ending on the next scheduled Debt Service Payment Date (excluding cash on hand and expected Operating Cash Flow, if any, relied on in connection with satisfying the requirements of the proviso to Section 10.5(iii)(B)) and amounts available under any working capital facility to the next scheduled Debt Service Payment Date will be sufficient to enable the Company to make all of the payments of Senior Debt principal and interest falling due between the date of such Distribution and such Debt Service Payment Date, including the Debt Service Payment due on such date, excluding any principal and interest due on the final maturity date of the longest maturing Notes, the payment of which will be satisfied by expected Operating Cash Flow and cash on hand pursuant to the proviso to Section 10.5(iii)(B), as certified by the Company in an Officer's Certificate delivered to each holder of Notes pursuant to Section 7.2(a).

Section 10.6. Existence/Prohibition on Fundamental Changes. The Company will not, and will not permit any of its Subsidiaries to, consolidate with or merge into, or convey, transfer or lease all or substantially all of its assets to, any Person, unless (i) the Company is the continuing Person in any such merger or consolidation or the Person (if other than the Company) which is the continuing Person in any such merger or consolidation or which acquires all or substantially all of the assets of the Company is a corporation, limited liability company, partnership or trust organized under the laws of the United States or any State or the District of Columbia and expressly assumes the Company's obligations under this Agreement and the Notes, (ii) immediately after such transaction, the Company or such other Person, as the case may be, is not in default in the performance of any covenants or conditions contained in the Senior Indenture, this Agreement or Notes (iii) there shall be No Ratings Downgrade as a result of such transaction and (iv) if the Company is not the continuing Person, such other Person shall

have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof.

Section 10.7. Limitation on Sale-Leaseback Transactions. The Company will not, and will not permit any of its Subsidiaries to, enter into any sale-leaseback transaction involving any of its Properties whether now owned or hereafter acquired, whereby the Company or any of its Subsidiaries sells or transfers such Properties and then or thereafter leases such Properties or any part thereof or any other Properties which the Company or such Subsidiary intends to use for substantially the same purpose or purposes as the Properties sold or transferred.

The foregoing restriction does not apply to any sale-leaseback transaction if (i) the lease secures or relates to industrial revenue or pollution control bonds issued in compliance with Section 10.4; (ii) the sale-leaseback transaction is in compliance with clause (viii) of Section 10.3; or (iii) the Company within 6 months after the sale or transfer any assets or properties is completed, applies an amount not less than the net proceeds received from such sale in accordance with clause (A) or (B) of the second paragraph of Section 10.1.

Section 10.8. Limitation on Lines of Business and Investments. The Company shall not, and shall not permit its Subsidiaries to, engage or invest in any business or activity other than:

(a) the business contemplated by the Transaction Agreements and the Memorandum, as of the date of the Memorandum;

(b) activities associated with, or incidental to, the operation, maintenance or expansion of the Pipeline or the storage of natural gas;

(c) activities associated with, or incidental to, (w) the processing or shipping of natural gas, (x) the processing, shipping or storage of natural gas liquids, (y) the installation, and leasing or rental, of fiber optic or similar cable or (z) the construction or operation of facilities for the generation of electricity using waste heat from the Pipeline, in all such cases related to the operation of the Pipeline; or

(d) activities (including investments) associated with, or intended to induce, the supply of gas for transportation on the Pipeline or the consumption of gas transported by the Pipeline;

provided that in no circumstance shall the Company engage or invest in, or permit Its Subsidiaries to engage or invest in, (A) any business or activity related to the exploration and production of hydrocarbons or (B) any business or activity described in Sections (c) or (d) above that would cause the Consolidated Net Tangible Assets of the Company and its Subsidiaries attributable to all their businesses and investments described in Sections (c) and (d) above to exceed 10% of the amount of the Consolidated Net Tangible Assets of the Company and its Subsidiaries attributable to all their businesses and investments described in Sections (a) and (b) above.

Section 10.9. Limitation on Investments. The Company will not directly or indirectly, make any Investment, other than Permitted Investments and Investments made with amounts from which the Company may otherwise have made Distributions in accordance with Section 10.5.

Section 10.10. Limitation on Transactions with Affiliates. Except as contemplated by any agreement between the Company and an Affiliate of the Company, a Partner or an Affiliate of a Partner in existence on the date of this Agreement and any successor thereto, if at any time hereafter the Company or any Subsidiary proposes to enter into or become a party to any material agreement or arrangement with an Affiliate of the Company, a Partner or an Affiliate of a Partner, the Company will not, and will not permit any of its Subsidiaries to, enter into or become a party to any such agreement or arrangement unless such agreement or arrangement shall be on terms no more favorable to the Affiliate of the Company, the Partner or Affiliate of the Partner, as the case may be, than those that would be offered to parties that are not Affiliates of the Company, Partners or Affiliates of Partners.

Section 10.11. Abandonment. The Company will not, directly or indirectly, voluntarily abandon the Pipeline or otherwise cease to pursue operations of the Pipeline for a period of more than 180 days.

Section 10.12. Terrorism Sanctions Regulations. The Company will not and will not permit any Subsidiary to (a) become a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti Terrorism Order or (b) engage in any dealings or transactions with any such Person.

Section 10.13. Restrictions on the Establishment of Subsidiaries. The Company shall have no Subsidiaries except for Subsidiaries which are limited to the lines of business set forth above in Section 10.8. The Company shall not permit its Subsidiaries to Incur Indebtedness except for Nonrecourse Indebtedness and Indebtedness which is guaranteed by the Company; *provided* that any such Indebtedness must be permitted to be incurred in accordance with, and after giving effect to, Section 10.4.

Section 10.14. Ratio of Indebtedness to Total Capitalization. Notwithstanding anything to the contrary in this Agreement, the Company will not permit, and will cause each of its Subsidiaries not to permit, at any time the ratio of Indebtedness of the Company (excluding Affiliate Subordinated Indebtedness) and of its Subsidiaries, taken as a whole with the Company, to Total Capitalization of the Company to exceed seventy-five percent (75%).

SECTION 11. EVENTS OF DEFAULT.

An **"Event of Default"** shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal, interest or Make-Whole Amount, if any, on any Note or any other amount due under this Agreement when the same becomes due and payable, whether at maturity or at a date fixed for

prepayment or by declaration or otherwise and such failure continues for a period of five (5) days; or

(b) the Company shall fail to perform or observe any covenant set forth in Section 7.1(d) or Section 10; or

(c) the Company shall fail to perform or observe any of its obligations or covenants (other than covenants described in (b) above or as covered in (a) above) contained in this Agreement (or in any modification or amendment hereto) and such default has continued uncured for 30 or more days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (c) of Section 11); or

(d) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(e) the Company shall default in the payment when due (after any applicable grace period) of any principal of or interest on any of its other Indebtedness aggregating $10,000,000 or more; or any event specified in any note, agreement, indenture or other document (including, without limitation the Senior Loan Agreement and the Senior Indenture) evidencing or relating to any such Indebtedness shall occur and shall continue beyond any applicable notice, grace, or cure period, if the effect of such event is to cause, or (with or without the giving of any notice) to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, such Indebtedness to become due, or to be prepaid in full (whether by redemption, purchase, offer to purchase or otherwise), prior to its stated maturity and such event is not cured or waived pursuant to the terms of such Indebtedness or such Indebtedness is accelerated prior to the end of any related cure period; or

(f) a court having jurisdiction in the premises enters a decree or order for (i) relief in respect of the Company or any Significant Subsidiary in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the Property of the Company or a Significant Subsidiary or (iii) the winding up or liquidation of the affairs of the Company or any Significant Subsidiary and, in each case, such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(g) the Company or any Significant Subsidiary (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver,

liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the Property of the Company or any Significant Subsidiary or (iii) effects any general assignment for the benefit of creditors; or

(h) a final judgment or judgments for the payment of money in excess of $10,000,000 in the aggregate shall be rendered by one or more courts, administrative tribunals or other bodies having jurisdiction over the Company and the same shall not be discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within 60 days from the date of entry thereof and the Company shall not, within said period of 60 days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(i) (i) the Company shall file with FERC for the abandonment of the Pipeline, (ii) FERC shall issue a final, non-appealable order for the abandonment of the Pipeline or (iii) the Company shall otherwise abandon the Pipeline; or

G) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed $5,000,000, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect.

As used in Section 11G), the terms **"employee benefit plan"** and **"employee welfare benefit plan"** shall have the respective meanings assigned to such terms in section 3 of ERISA.

Any Partner shall have the right, but not the obligation, to cure any payment default in paragraphs (a), (e), or (h) above within the respective grace period set forth in such paragraphs, and, if such payment default is cured, such payment default shall not constitute an Event of Default under this Agreement.

SECTION 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration. (a) If an Event of Default with respect to the Company described in Section 11(f) or (g) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 50% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section 11(a) has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon (including, but not limited to, interest accrued thereon at the Default Rate) and (y) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. Rescission. At any time after any Notes have been declared due and payable pursuant to Section 12.l(b) or (c), the holders of not less than 50.10% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make- Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such

declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

Section 13.1. Registration of Notes. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes. Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)), for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within ten Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $100,000, *provided* that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a

denomination of less than $100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

Section 13.3. Replacement of Notes. Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least $50,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within ten Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

SECTION 14. PAYMENTS ON NOTES.

Section 14.1. Place of Payment. Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in at the principal office of The Bank of New York Mellon in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Home Office Payment. So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below such Purchaser's name in Schedule A, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The

Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this Section 14.2.

SECTION 15. EXPENSES, ETC.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a single firm of special counsel and, if reasonably required by the Required Holders, local or other specialty counsel) incurred by the Purchasers and the other holders of a Note in connection with such transactions (including reasonable fees, charges and disbursements of the Purchasers' special counsel incurred on and after the date of the Closing with respect to preparation and delivery of closing document sets and binders for the transactions contemplated hereby to the holders of Notes and other Persons) and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the

insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes).

Section 15.2. Survival. The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 17. AMENDMENT AND WAIVER.

Section 17.1. Requirements. This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 12,17or20.

Section 17.2. Solicitation of Holders of Notes.

(a) *Solicitation.* The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) *Payment.* The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

Section 17.3. Binding Effect, etc. Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term “this Agreement” and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

Section 17.4. Notes Held by Company, Partners, etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company, any of its partners or any of their respective Affiliates shall be deemed not to be outstanding.

SECTION 18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

SECTION 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "Confidential Information" means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement other than information that was clearly marked or labeled or otherwise adequately identified as not being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

SECTION 21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Affiliate, shall contain such Affiliate's

agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21), shall be deemed to refer to such Affiliate in lieu of such original Purchaser. In the event that such Affiliate is so substituted as a Purchaser hereunder and such Affiliate thereafter transfers to such original Purchaser all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, any reference to such Affiliate as a "Purchaser" in this Agreement (other than in this Section 21), shall no longer be deemed to refer to such Affiliate, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

SECTION 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 22.2. Payments Due on Non-Business Days. Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in Section 8.4 that the notice of any optional prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; provided that if the maturity date of any Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

Section 22.3. Accounting Terms. All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP and, if applicable, RAP, and (ii) all financial statements shall be prepared in accordance with GAAP and RAP.

Section 22.4. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.5. Construction, etc. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited

from taking, such provlSlon shall be applicable whether such action IS taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

Section 22.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 22.7. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice of law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 22.8. Jurisdiction and Process; Waiver of Jury Trial. (a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in Section 22.8(a) by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 22.8 shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH.

Section 22.9. Source of Payments Limited; Rights and Liabilities of the Company. The Holders shall have no recourse with respect to the non-performance of the obligations of the Company to make payments of principal of, Make-Whole Amount, if any, and interest on the Notes against any Person other than the Company, including, but not limited to, the Partners or any Affiliate of any Partners or of the Company or any partner, incorporator, officer, director or employee thereof, or with respect to the assets or properties thereof (collectively, the **"Nonrecourse Persons").**

Section 22.10. Compliance with Financial Covenants. For purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company to measure an item of Indebtedness using fair value (as permitted by Statement of Financial Accounting Standards No. 159 or any similar accounting standard) shall be disregarded and such determination shall be made instead using the par value of such Indebtedness.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.

By: IROQUOIS PIPELINE OPERATING COMPANY,
its Agent

By: /s/ E.J. Holm
Title: President

Title: Vice President and Chief Financial Officer

By: /s/ Paul Bailey
Title: Vice President and Chief Financial Officer

By: METROPOLITAN LIFE INSURANCE COMPANY

By: METLIFE INVESTORS USA INSURANCE COMPANY

By: Metropolitan Life Insurance Company, its Investment Manager

By: /s/ Judith A. Gulotta
Title: Managing Director

This Agreement is hereby Accepted and
agreed to as of the date hereof.

NEW YORK LIFE INSURANCE COMPANY,

By: /s/ Ruthard Murphy
Title: Corporate Vice President

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION

By: New York Life Investment Management LLC, its Investment Manager
By: /s/ Ruthard Murphy
Title: Vice President

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION
INSTITUTIONALLY OWNED
LIFE INSURANCE SEPARATE ACCOUNT (BOLI 30C)

By: New York Life Investment Management LLC, its Investment Manager

By: /s/ Ruthard Murphy
Title: Vice President

BANKERS LIFE AND CASUALTY COMPANY
CONSECO LIFE INSURANCE COMPANY
CONSECO HEALTH INSURANCE COMPANY
COLONIAL PENN LIFE INSURANCE COMPANY

By: 40/86 Advisors, Inc., acting as Investment Advisor

By: /s/ Timothy L. Powell
Title: Vice President

AMERICAN INVESTORS LIFE INSURANCE COMPANY
AVIVA LIFE AND ANNUITY COMPANY

By: Aviva Investors North America, Inc., its authorized attorney in-fact

By: /s/ Roger D. Fors
Title: VP —Private Placements

This Agreement is hereby Accepted and
agreed to as of the date hereof.

JOHN HANCOCK LIFE INSURANCE COMPANY,

By: /s/Gavin R. Danaher
Title: Director

JOHN HANCOCK VARIABLE LIFE INSURANCE COMPANY

By: /s/Gavin R. Danaher
Title: Authorized Signatory

GREAT WEST LIFE & ANNUITY INSURANCE COMPANY

By: /s/Eve Hampton
Title: Vice President, Investments

By: /s/Tad Anderson
Title: Assistant Vice President, Investments

THRIVENT FINANCIAL FOR LUTHERANS

By: /s/Alan D. Onstad
Title: Senior Director

STATE FARM LIFE INSURANCE COMPANY

By: /s/ Julie Hoyer
Senior Investment Officer

By: /s/ Jeffrey T. Attwood
Investment Officer

SIGNATURE PAGE TO
IROQUOIS GAS TRANSMISSION SYSTEM, L.P. NOTE PURCHASE AGREEMENT

This Agreement is hereby Accepted and
agreed to as of the date hereof.

STATE FARM LIFE AND ACCIDENT ASSURANCE COMPANY

By: /s/ Julie Hoyer
Senior Investment Officer

By: /s/ Jeffrey T. Attwood
Investment Officer

UNITED OF OMAHA LIFE INSURANCE COMPANY

By: /s/ Justin Kavan
Vice President

AMERICAN UNITED LIFE INSURANCE COMPANY

By: /s/ Kent R. Adams
V.P. Fixed Income Securities

THE STATE LIFE INSURANCE COMPANY

By: American United Life Insurance Company, is Agent
By: /s/ Kent R. Adams
V.P. Fixed Income Securities

PIONEER MUTUAL LIFE INSURANCE COMPANY

By: American United Life Insurance Company, is Agent
By: /s/ Kent R. Adams
V.P. Fixed Income Securities

MODERN WOODMEN OF AMERICA

By: /s/ Nick S. Coin
Treasurer and Investment Manager

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

By: /s/ David D. Rowland
Senior Vice President

SIGNATURE PAGE TO
IROQUOIS GAS TRANSMISSION SYSTEM, L.P. NOTE PURCHASE AGREEMENT

This Agreement is hereby Accepted and
agreed to as of the date hereof.

THE UNION CENTRAL LIFE INSURANCE COMPANY

By: Summit Investment Advisors, Inc., its Agent

By: /s/ Andrew S, White
Title: Managing Director-Private Placements

SIGNATURE PAGE TO
IROQUOIS GAS TRANSMISSION SYSTEM, L.P. NOTE PURCHASE AGREEMENT

SCHEDULE B
(to Note Purchase Agreement)

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"Additional Senior Indebtedness" means Indebtedness of the Company for borrowed money Incurred after the date of this Agreement and ranking *pari passu* in right of payment with all other Senior Debt (including the Notes).

"Affiliate" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and, with respect to the Company, shall include any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any corporation of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, **"Control"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

"Affiliate Subordinated Debt" means unsecured Indebtedness of the Company held by any Affiliate of the Company, any Partner or an Affiliate of any Partner and subordinated to the Senior Debt on the basis set forth in Exhibit 5.

"Antiterrorism Order" means Executive Order No. 13,224 of September 24, 2001, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism, 66 U.S. Fed. Reg. 49, 079 (2001), as amended.

"Asset Sale" means any sale, transfer, sale-leaseback transaction or other disposition (excluding a merger or consolidation which is in compliance with the covenant set forth in Section 10.6) in one transaction or a series of related transactions by the Company to any Person of (i) all or any of the Capital Stock of any Subsidiary, (ii) all or substantially all of the property and assets of an operating unit or business of the Company or any of its Subsidiaries or (iii) any other property and assets of the Company outside the ordinary course of business of the Company that is not governed by the provisions of this Agreement applicable to mergers, consolidations and sales of assets of the Company; *provided* that "Asset Sale" shall not include (a) sales or other dispositions of inventory, receivables and other current assets, (b) Distributions permitted to be made under the covenant set forth in Section 10.5 hereof or (c) sales or other dispositions of assets which constitute (i) redundant, obsolete or worn-out property, tools or equipment no longer used or useful in the Company's business and any inventory or other property sold or disposed of in the ordinary course of business and on ordinary business terms and (ii) dispositions contemplated by the Primary Agreements or replacement or successor agreements.

"Business Day" means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or are required or authorized to be closed.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in the equity of such Person, outstanding on the date of this Agreement or immediately thereafter, including, without limitation, all partnership interests, common stock and preferred stock.

"Capitalized Lease Obligations" means, for any Person, all obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) Property to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under RAP, and, for purposes herein, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

"Catastrophic Loss" means an Event of Loss with respect to the Pipeline for which the total Loss Proceeds payable in respect of the lost or damaged Property are greater than $100,000,000.

"Closing" is defined in Section 3.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Company" means Iroquois Gas Transmission System, L.P., a Delaware limited partnership or any successor that becomes such in the manner prescribed in Section 10.6.

"Confidential Information" is defined in Section 20.

"Consolidated Net Tangible Assets" of any Person means, as of any date, (a) all amounts that would be shown as assets on a consolidated balance sheet of such Person prepared in accordance with GAAP, less (b) the amount thereof constituting good will and other intangible assets as calculated in accordance with GAAP.

"Contractual Obligation" means as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement, the counterparty to which has capital, surplus and undivided profits aggregating in excess of $250,000,000 (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A2" by Moody's and "A" by S&P (or such similar equivalent rating) or higher.

"Debt Service Coverage Ratio" means, for any period, the ratio of (a) Operating Cash Flow for such period to (b) Mandatory Debt Service for such period.

"Debt Service Payment Date" means, any date on which interest (with respect to which the scheduled dates for payment are June 15 and December 15 of each year, commencing on December 15, 2009), principal, premium, if any, and Make-Whole Amounts, if any, and any other amounts with respect to the outstanding Notes is payable, commencing on May 13, 2009 and ending on the date each of the Notes of such series are paid, satisfied and discharged in full.

"Debt Service Payment" means the sum of interest (with respect to which the scheduled dates for payment are June 15 and December 15 of each year, commencing on December 15, 2009), principal, premium, if any, and Make-Whole Amounts, if any, and any other amounts with respect to the outstanding Notes payable on each Debt Service Payment Date.

"Default" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Default Rate" means that rate of interest that is the greater of (i) 2.00% per annum above the rate of interest stated in clause (a) of the first paragraph of the Notes or (ii) 2.00% over the rate of interest publicly announced by JP Morgan Chase Bank, N.A. in New York, New York as its "base" or "prime" rate.

"Determination Date" is defined in Section 8.7.

"Distribution" means all partnership distributions of the Company (in cash, property of the Company or obligations) or other payments or distributions on account of, or the purchase, redemption, retirement or other acquisition by the Company of, any portion of any partnership interest in the Company, and any payments on Affiliate Subordinated Debt.

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"Event of Default" is defined in Section 11.

"Event of Loss" means an event which causes all or a portion of the Pipeline to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever, including, without limitation, any compulsory transfer or taking or transfer under threat

of compulsory transfer or taking of any material part of the Pipeline by any Governmental Authority.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Fair Market Value" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Management Committee whose determination shall be conclusive if evidenced by a Management Committee Resolution.

"FERC" means the Federal Energy Regulatory Commission.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America.

"Governmental Approval" means any authorization, consent, opmwn, order, approval, license, ruling, permit, certification, exemption, filing or registration from, by or which any Governmental Authority, other than a contract with a Governmental Authority for the acquisition of real property or of an easement or right-of-way over real property owned by it.

"Governmental Authority" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"Guarantee Obligation" or "Guarantee Obligations" means as to any Person (the **"guaranteeing person"),** any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counter indemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the **"primary obligations")** of any other third Person (the **"primary obligor")** in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity

capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; *provided, however,* that the term Guarantee Obligations shall not include (y) endorsements of instruments for deposit or collection in the ordinary course of business or obligations to reimburse or indemnify a provider of surety or performance bonds incurred in the ordinary course of business or (z) obligations with respect to letters of credit (including trade letters of credit) securing obligations (other than obligations described in (i), (ii), (v) or (vi) of the definition of "Indebtedness") entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement).

"Hazardous Material" means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

"holder" means, with respect to any Note the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1.

"Incur" means, with respect to any Indebtedness, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness; *provided* that neither the accrual of interest nor the accretion of original issue discount shall be considered an Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

(i) all indebtedness of such Person for borrowed money;

(ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(iii) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto, but excluding obligations with respect to letters of credit (including trade letters of credit) securing obligations (other than obligations described in (i) or (ii) above or (v), (vi) or (vii) below) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if drawn

upon, to the extent such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement);

(iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (including Trade Payables), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services;

(v) all Capitalized Lease Obligations of such Person;

(vi) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;

(vii) all Guarantee Obligations;

(viii) the aggregate Swap Termination Value of all Swap Contracts of such Person; and

(ix) to the extent not otherwise included in this definition, obligations under Currency Agreements and Interest Rate Agreements.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided* (A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP, (B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest and (C) that Indebtedness shall not include any liability for federal, state, local or other taxes.

"Institutional Investor" means (a) any Purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) $1,000,000 or more of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement, the

counterparty to which has capital, surplus and undivided profits aggregating in excess of $250 million (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A2" by Moody's and "A" by S&P (or such similar equivalent rating) or higher.

"Investment" in any Person means any direct or indirect advance, loan or other extension of credit (including, without limitation, by way of guarantee or similar arrangement; but excluding advances to customers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable on the balance sheet of the Company) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, bonds, notes, debentures or other similar instruments issued by, such Person.

"Lien" means, with respect to any Property or Person, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such Property or Person. For purposes herein, a Person shall be deemed to own subject to a Lien any Property that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement (other than an operating lease) relating to such Property.

"Loss Proceeds" means all net proceeds from an Event of Loss, including, without limitation, condemnation proceeds and insurance proceeds or other amounts actually received on account of an event which causes all or a substantial portion of the Pipeline to be damaged, destroyed or rendered unfit for normal use; *provided, however,* solely for purposes of calculating a Material Loss or Catastrophic Loss, proceeds of delayed opening or business interruption insurance shall not be included.

"Make-Whole Amount" is defined in Section 8.6.

"Management Committee" means a committee comprised of representatives of the partners of the Company which shall have the power to make decisions on behalf of the Company.

"Management Committee Resolution" shall mean a copy of a resolution adopted by the Management Committee and delivered to each holder of Notes.

"Mandatory Debt Service" means, for any period, the sum of all scheduled interest, premium, if any, and principal due and payable during such period in respect of all Indebtedness of the Company; *provided* that fees, including any consent fees, payable in connection with the issuance of any Additional Senior Indebtedness shall be excluded.

"Material" means material in relation to the business, operations, affairs, financial condition, assets, or properties, of the Company and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations

under this Agreement, the Notes or any other Senior Debt Agreement, or (c) the material rights and remedies of any Senior Parties under the Senior Debt Agreements (including validity or enforceability of this Agreement and or the Notes), or (d) the timely payments of any principal or interest on any of the Senior Debt (including those evidenced by the Notes).

"Material Loss" means an Event of Loss with respect to the Pipeline for which the total Loss Proceeds payable in respect of the lost or damaged Property are more than $10,000,000 and equal to or less than $100,000,000.

"Memorandum" is defined in Section 5.3.

"Moody's" means Moody's Investors Service.

"Multiemployer Plan" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"NAIC" means the National Association of Insurance Commissioners or any successor thereto.

"Net Cash Proceeds" means, (a) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of (i) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale, (ii) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Subsidiaries, taken as a whole, (iii) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (A) is secured by a Lien on the property or assets sold or (B) is required to be paid as a result of such sale and (iv) appropriate amounts to be provided by the Company or any Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP and (b) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Nonrecourse Indebtedness" means Indebtedness which the holder thereof shall have no recourse with respect to the non-performance of the obligations of the debtor or obligor under such Indebtedness to make payments of principal of, premium, if any, and interest on such Indebtedness against any Person other than such debtor or obligor, including, but not limited to the Company, and any such Indebtedness shall specifically so state.

"Nonrecourse Person" shall have the meaning ascribed thereto in Section 22.9.

"No Ratings Downgrade" means that the ratings on the Notes are reaffirmed after consideration of a proposed applicable event as being equal to or higher than the then current rating on the Notes, no earlier than 60 days prior to the proposed applicable event, by both of the Required Rating Agencies.

"Notes" is defined in Section 1.

"Offer to Purchase" means an offer to purchase Notes by the Company from the holders ofNotes commenced by mailing a notice to each holder of Notes stating:

(i) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(ii) the purchase price (which shall be equal to 100% of the principal amount of the Notes to be purchased plus accrued interest (if any) to the OTP Payment Date) and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "OTP Payment Date");

(iii) that any Note not tendered will remain outstanding and continue to accrue interest pursuant to its terms;

(iv) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the OTP Payment Date;

(v) that holders of Notes electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note to the Company or an agent of the Company designated by the Company at the address specified in the notice prior to the close of business on the Business Day immediately preceding the OTP Payment Date;

(vi) that holders of Notes will be entitled to withdraw their election if the Company or an agent of the Company designated by the Company receives, not later than the close of business on the third Business Day immediately preceding the OTP Payment Date, a telegram, facsimile transmission or letter setting forth the name of such holder of Notes, the principal amount of Notes delivered for purchase and a statement that such

holder of Notes is withdrawing his election to have such Notes purchased; and

(vii) that holders of Notes whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of $1,000 or integral multiples thereof.

On the OTP Payment Date, the Company shall (i) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (ii) shall promptly wire transfer in immediately available funds to the holders of Notes so accepted for prepayment, payment in an amount equal to the purchase price, and the Company shall promptly execute and mail to such holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of $1,000 or integral multiples thereof. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

"Officer's Certificate" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"Operating Agreement" means the Amended and Restated Operating Agreement dated as of February 28, 1997, between Iroquois Pipeline Operating Company and the Company.

"Operating Cash Flow" means, for any period, the excess, if any, of (a) all Revenues received during such period *over* (b) all Operating Expenses paid during such period other than any nonrecurring Operating Expenses incurred in connection with the issuance or retirement of any Senior Debt.

"Operating Expenses" means, for any period, the sum, computed without duplication, of all cash operating and maintenance expenses and required reserves in respect of such expenses of the Company, including, without limitation, (a) expenses of administering and operating the Pipeline and of maintaining it in good repair and operating condition payable by the Company during such period, (b) direct operating and maintenance costs of the Pipeline (including, without limitation, all payments due and payable under the Operating Agreement and any ground leases and excluding any necessary maintenance-level capital expenditures which are not fully recoverable within one year) payable by the Company during such period, (c) insurance costs payable by the Company during such period, (d) sales and excise taxes payable by the Company with respect to the transportation of natural gas during such period, (e) franchise taxes payable by the Company during such period, (f) federal, state and local income taxes payable by the Company during such period, (g) costs and fees attendant to the obtaining and

maintaining in effect the government approvals payable by the Company during such period and (h) legal, accounting and other professional fees attendant to any of the foregoing items payable by the Company during such period. Operating Expenses excludes, to the extent otherwise included, depreciation for such period.

"Operator" means Iroquois Pipeline Operating Company, a Delaware corporation, or any successor thereto under the Operating Agreement.

"OTP Payment Date" is defined in the definition of Offer to Purchase.

"Partner" means any partner under the Partnership Agreement.

"Partner Parent" means, with respect to each Partner, the Affiliate of such Partner, if any, with ultimate "control" over such Partner (as such term is used in the definition of "Affiliate".

"Partnership Agreement" means the Amended and Restated Limited Partnership Agreement, dated February 28, 1997, among the Partners, as amended by the First Amendment thereto, dated January 27, 1999, the Second Amendment, dated May 4, 2001 and the Third Amendment, dated as of September 1, 2005.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"Permitted Investments" means (i) any Temporary Cash Investment; (ii) loans and advances to officers and employees of the Company or any of its Subsidiaries in an aggregate principal amount at any time outstanding not exceeding $2,000,000; (iii) any Interest Rate Agreement entered into in the ordinary course of business and not for speculative purposes; (iv) Investments existing on the date of this Agreement and set forth on Schedule PI-1 to the Agreement and any extensions, renewals or reinvestments thereof, so long as the aggregate amount of all Investments pursuant hereto is not increased at any time above the aggregate amount of such Investments existing on the date of this Indenture; (v) Investments representing Capital Stock or other equity interests or obligations issued to the Company or any of its Subsidiaries in settlement of claims against any other Person by reason of a composition or readjustment of debt or a reorganization of any debtor of the Company or any Subsidiary; (vi) Investments acquired by the Company or any of its Subsidiaries in connection with any Asset Sale permitted under Section 10.1 to the extent such Investments are non-cash proceeds; (vii) Investments consisting of extension of trade credit or security deposits made in the ordinary course of business and (viii) Investments in businesses or activities permitted under Section 10.8 provided that such Investment is funded entirely and specifically by a capital contribution to the Company by its Partners in accordance with the Partnership Agreement.

"Person" means an individual, partnership, corporation, limited liability company, associatiOn, trust, unincorporated organization, business entity or Governmental Authority, whether acting in an individual, fiduciary or other capacity.

"Pipeline" means the 411 mile, interstate natural gas pipeline system extending from the United States - Canada border at Ontario/Waddington, New York and terminating at its interconnect with the facilities of the Consolidated Edison Company of New York at Hunts Point in Bronx, New York, together with all appurtenant facilities (including, without limitation, lateral lines, cooling facilities, meter stations and compressor stations) and any future expansions or extensions of these facilities.

"Plan" means an "employee benefit plan" (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"Primary Agreements" means the Transportation Agreements, the Shipper Guarantees and the Operating Agreement and all succeeding agreements thereto.

"Projected Debt Service Coverage Ratio" means, at any time of determination thereof, a projection of the Debt Service Coverage Ratio for a period which includes, or consists entirely of, future periods, prepared by the Company in good faith based upon assumptions believed by the Company to be reasonable.

"Property" or "Properties" means any right or interest in or to assets or property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, cohate or incohate.

"Pro Rata Portion" means, with respect to Loss Proceeds (or any other amount), as of any date, an amount equal to the product of such Loss Proceeds (or other amount) multiplied by a fraction, (x) the numerator of which shall equal the principal amount of the outstanding Notes and (y) the denominator of which shall equal the sum of (i) the principal amount of the outstanding Notes and (ii) the outstanding principal amount of all other Senior Debt at such date (including, with respect to the Senior Loan Agreement, the Total Revolving Credit Commitment (as such term is defined in the Senior Loan Agreement) at such date (or if then terminated, the outstanding principal amount of the Revolving Credit Loans (as such term is defined in the Senior Loan Agreement))).

"PTE" is defined in Section 6.2(a).

"Purchaser" is defined in the first paragraph of this Agreement.

"Qualified Institutional Buyer" means any Person who is a "qualified institutional buyer" within the meaning of such term as set forth in Rule 144A(a)(l) under the Securities Act.

"Ratings Event" means, at any given time, a reduction, downgrade or withdrawal of the issuer credit rating of the Company (including placement of any such rating on "negative outlook" or "negative watch" or their equivalent) by S&P or Moody's, which has caused, or is reasonably likely to result in, the Company's issuer credit rating failing to be at least BBB+ by S&P and A3 by Moody's.

"RAP" means regulatory accounting principles.

"Related Fund" means, with respect to any holder of any Note, any fund or entity that (i) invests in Securities or bank loans, and (ii) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

"Required Holders" means, at any time, the holders of at least 50% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"Required Rating Agencies" means S&P and Moody's.

"Responsible Officer" means any Senior Financial Officer and any other officer of the Company or the Operator with responsibility for the administration of the relevant portion of this Agreement.

"Revenues" means all revenues accruing to the Company, calculated in accordance with GAAP. "Revenues" shall include all cash distributions made to the Company by its Subsidiaries which are not subject to repayment by law or by contract and shall exclude all revenues accruing to such Subsidiaries which are not so distributed.

"S&P" means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.

"SEC" shall mean the Securities and Exchange Commission of the United States, or any successor thereto.

"Securities" or "Security" shall have the meaning specified in Section 2(1) of the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"Senior Debt" means Indebtedness in respect of this Agreement and Notes, the Senior Loan Agreement and any notes issued thereunder, the Senior Indenture, the Senior Indenture Securities and any Additional Senior Indebtedness.

"Senior Debt Agreements" means all agreements, documents and instruments evidencing and/or securing the Senior Debt or pursuant to which Senior Debt is issued, including without limitation, this Agreement.

"Senior Financial Officer" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"Senior Indenture" means the Indenture, dated as of May 30, 2000, between the Borrower and The Bank of New York Mellon, as Trustee, as supplemented on May 30, 2000 an August 13, 2002 and as it may from time to time be further supplemented or

amended by a Management Committee Resolution and an officer's certificate issued pursuant thereto or by one or more Series Supplemental Indentures entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Senior Indenture Securities established as contemplated by the provisions therein.

"Senior Indenture Securities" means, collectively, the $200,000,000 8.68% Senior Notes due 2010, the $170,000,000 6.10% Senior Notes due 2027, and any other debt securities, authenticated and issued pursuant to the Senior Indenture.

"Senior Loan Agreement" means the Loan Agreement dated as of June 26, 2008 by and among the Company, JPMorgan Chase Bank, N.A., as Administrative Agent, and the lenders and other financial institutions party thereto.

"Senior Parties" means the Persons that have extended, or that are obliged to extend, credit to the Company pursuant to the Senior Debt Agreements and any agent, trustee or similar representative of any such persons appointed pursuant to any Senior Debt Agreement, including the Trustee and the Administrative Agent under the Senior Loan Agreement.

"Series Supplemental Indenture" means an indenture supplemental to the Senior Indenture, or other amendment to the Senior Indenture entered into by the Company and the Trustee or any other instrument delivered by the Borrower for the purpose of establishing, in accordance with the Senior Indenture, the title, form and terms of the Securities of any series; "Series Supplemental Indentures" shall mean each and every Series Supplemental Indenture.

"Shipper Guarantees" means those agreements providing financial and performance guarantees to the Company on behalf of certain Shippers or under firm transportation contracts.

"Shipper Guarantors" means Persons who have executed a Shipper Guarantee on behalf of a Shipper.

"Shippers" means those Persons (other than the Company) party to the Transportation Agreements.

"Significant Subsidiary" means Iroquois Pipeline Operating Company (or any successor operator of the Pipeline) and any of the Company's Subsidiaries which meet any of the following conditions:

(1) the Company and it's other Subsidiaries' investments in and advances to such Subsidiary exceed 10 percent of the Company's total assets and the Company's Subsidiaries' total assets consolidated as of the end of the most recently completed fiscal year; or

(2) the Company and it's other Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of such Subsidiary exceeds 10 percent of the

Company's total assets and the Company's Subsidiaries' total assets consolidated as of the end of the most recently completed fiscal year; or

(3) the Company and it's other Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of such Subsidiary exceeds 10 percent of such of the Company's income and of the Company's Subsidiaries consolidated for the most recently completed fiscal year.

"Subsidiary" means, with respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person. Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"SVO" means the Securities Valuation Office of the NAIC or any successor to such Office.

"Swap Contract" means (a) any and all interest rate swap transactions, basis swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward foreign exchange transactions, cap transactions, floor transactions, currency options, spot contracts or any other similar transactions or any of the foregoing (including, but without limitation, any options to enter into any of the foregoing), and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amounts(s) determined as the mark-to-market values(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts41A.

"Temporary Cash Investment" means any of the following:

(i) direct obligations of the United States of America or Canada or any agency thereof or obligations fully and unconditionally guaranteed by the United States of America or Canada or any agency thereof;

(ii) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America or any state thereof, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of $250 million and has outstanding debt which is rated "A2" by Moody's and "A" by S&P (or such similar equivalent rating) or higher or any money-market fund having assets in excess of $250 million consisting of obligations described in this clause (ii) sponsored by a registered broker dealer or mutual fund distributor;

(iii) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (i) above entered into with a bank or trust company meeting the qualifications described in clause (ii) above;

(iv) commercial paper, maturing not more than 90 days after the date of acquisitiOn, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America or any state thereof with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P; and

(v) securities with maturities of six months or less from the date of acquisition issued or fully and unconditionally guaranteed by any state of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or at least "A2" by Moody's.

"Total Capitalization" means, as of any date, the sum of (a) the Indebtedness of the Company and its Subsidiaries, on a consolidated basis, on such day plus (b) all amounts that would be shown as Partners' equity on a balance sheet of the Company as of such date prepared in accordance with U.S. GAAP.

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transaction Agreements" means, collectively, this Agreement and the Primary Agreements.

"Transportation Agreements" means contracts between the Company and the Shippers for transportation services on the Pipeline which may be firm transportation contracts that are long-term (multi-year) or short-term (less than one year) or interruptible transportation contracts.

"Trustee" means the trustee under the Senior Indenture and Series Supplemental Indentures.

"USA Patriot Act" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

Exhibit 4.3

EXECUTION VERSION

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.

$150,000,000

4.84% Senior Notes due April 27, 2020

NOTE PURCHASE AGREEMENT

Dated as of April 27, 2010

TABLE OF CONTENTS

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.
One Corporate Drive, Suite 600
Shelton, CT 06484-621 I

4.84% Senior Notes due April 27, 2020

April 27, 2010

TO EACH OF THE PURCHASERS LISTED IN

SCHEDULE A HERETO:

Ladies and Gentlemen:

IROQUOIS GAS TRANSMISSION SYSTEM, L.P., a Delaware limited partnership (the "Company"), agrees with each of the purchasers whose names appear at the end hereof(each, a "Purchaser" and, collectively, the "Purchasers") as follows:

SECTION 1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of $150,000,000 aggregate principal amount of its 4.84% Senior Notes due April 27, 2020 (the "Notes", such term to include any such notes issued in substitution therefor pursuant to Section 13). The Notes shall be substantially in the form set out in Exhibit 1. Certain capitalized and other terms used in this Agreement are defined in Schedule B; and references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

SECTION 2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, the Notes, in the principal amount specified opposite such Purchaser's name in Schedule A at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

SECTION 3. CLOSING.

The sale and purchase of the Notes to be purchased by each Purchaser indicated on Schedule A hereto shall occur at the offices of Dewey & LeBoeuf LLP, 1301 Avenue of the Americas, New York, NY 10019, at 10:00 a.m., New York time, at a closing on April 27, 2010 (the "Closing"). At the Closing, the Company will deliver to each Purchaser the Notes to be purchased by such Purchaser in the form of a single Note, (or such greater number of Notes in denominations of at least $100,000 as such Purchaser may request) dated as of the date of the Closing and registered in such Purchaser's name (or in the name of its nominee), against

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delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purdmse price therefor by wire transfer of immediately available funds for the account of the Company to the following account:

JPMORGAN CHASE BANK, N.A.
270 PARK A VENUE
NEW YORK, NY IOOI7

ABA#: 021000021
ACCOUNT NAME: IROQUOIS GAS TRANSMISSION SYSTEM, LP
ACCOUNT#: 323063I28

If at the Closing the Company shall fail to tender such Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

SECTION 4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing.

Section 4.2. Performance; No Default. After giving effect to the issue and sale of the Notes at the Closing (and the application of the proceeds thereof as contemplated by Section 5.15) no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Sections I O.I through, and including, I 0.14 had such Sections applied since such date.

Section 4.3. Compliance Certificates.

(a) *Officer's Certificate.* The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.I, 4.2 and 4.9 have been fulfilled.

(b) *Secretary's Certificate.* The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of the Closing, certifying as to, among other things, (i) the completeness and correctness of the certificate of formation attached thereto, (ii) the completeness and correctness of one or more resolutions or other authorizations attached thereto and other limited partnership proceedings relating to the authorization, execution and delivery of the Notes and this Agreement, (iii) the completeness and correctness of the limited partnership agreement or other governing documents of the Company as in effect

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on the date on which the resolutions referred to in clause (ii) above were adopted as of the date of the Closing, (iv) the due organization and good standing of the Company under the laws of its jurisdiction of organization, and the absence of any proceeding for the dissolution or liquidation of the Company and

(v) the names and true signatures of the officers of the Company authorized to sign this Agreement, the Notes and the other documents to be delivered hereunder. The Company shall have caused the Operator to deliver a certificate of its Secretary or Assistant Secretary, dated the date of the Closing, certifying as to, among other things, (i) the completeness and correctness of the certificate of incorporation and By-laws of the Operator attached thereto, (ii) the completeness and correctness of the Operating Agreement, attached thereto, (iii) the due organization and good standing of the Operator under the laws of its jurisdiction of organization, and the absence of any proceeding for the dissolution or liquidation of the Operator and (iv) the names and true signatures of the officers of the Operator authorized to sign this Agreement, the Notes and the other documents to be delivered hereunder.

Section 4.4. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing (a) from Troutman Sanders LLP, special counsel for the Company, LLP and Jeffrey Bruner, Esq., General Counsel of the Company and the Operator, covering the matters set forth in Exhibit 4.4(a) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (b) Dewey & LeBoeuf LLP, the Purchasers' special counsel in connection with the transactions contemplated hereby, and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted By Applicable Law, Etc. On the date of the Closing such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Notes. Contemporaneously with the Closing the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at the Closing as specified in Schedule A.

Section 4.7. Payment of Special Counsel Fees. Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing the fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

Section 4.8. Private Placement Number. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for the Notes.

Section 4.9. Changes in Company Structure. The Company shall not have changed its jurisdiction of organization, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

Section 4.10. Funding Instructions. At least three Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in Section 3 including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes is to be deposited.

Section 4.11. Proceedings and Documents. All limited partnership and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents (which shall include, without limitation, copies of any Governmental Authority (including FERC) approval required for the issuance of the Notes) as such Purchaser or such special counsel may reasonably request.

Section 4.12. Rating. Such Purchaser or its counsel shall have received a letter dated on or prior to the Closing, from S&P, confirming an issuer credit rating from S&P of the Company of at least BBB+ and from Moody's confirming an issuer credit rating from Moody's of the Company of at least A3; provided, however, that, to the extent such letter is dated prior to the date of the Closing, no Ratings Event shall have occurred.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority. The Company is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified as a foreign limited partnership and is in good standing in the States of New York and Connecticut, and in each other jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the power (limited partnership and other) and authority to own or hold under lease the Properties it purports to own or hold under lease, to own and operate the Pipeline and transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof. The Company is not engaged in any business or activity that is not permitted by Section 10.8.

Section 5.2. Authorization, Etc. This Agreement and the Notes have been duly authorized by all necessary limited partnership action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with their respective terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. The Company, through its agent, J.P.Morgan Securities Inc., has delivered to each Purchaser a copy of a Private Placement Memorandum, dated February 25, 20 I 0 (the **"Memorandum"),** relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal Properties of the Company and its Subsidiaries. This Agreement, the Memorandum and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby and identified in Schedule 5.3, and the financial statements listed in Schedule 5.5 (this Agreement, the Memorandum and such documents, certificates or other writings and such financial statements delivered to each Purchaser prior to March 5, 20 I 0 being referred to, collectively, as the **"Disclosure Documents"),** taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since December 31, 2009, there has been no change in the financial condition, operations, business, Properties or prospects of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the other Disclosure Documents.

Section 5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates.

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists (i) of the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, (ii) of the Company's and the Operator's managers, directors and senior officers, and (iii) of the Partners and their respective Partner Parents, partnership interests, voting bloc and voting bloc interests. The Company has no employees.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and no assessable and are owned by the Company or another Subsidiary free and clear of any Lien.

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those

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jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and is in compliance with all applicable laws and regulations except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the Properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to any legal, regulatory, contractual or other restriction (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law or similar statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

(e) No Subsidiary is engaged in any business or activity that is not permitted by Section 10.8.

Section 5.5. Financial Statements; Material Liabilities. The Company has delivered to each Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5, which statements have been audited by Blum Shapiro & Company P.C. (for the years ended December 31, 2006, December 31, 2007, December 31, 2008 and December 3 I, 2009) and PricewaterhouseCoopers (for the year ended December 31, 2005), each independent certified public accountants, who delivered an unqualified opinion with respect thereto. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP and RAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company and its Subsidiaries do not have any Material liabilities that are not disclosed on such financial statements or otherwise disclosed in the Disclosure Documents.

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of this Agreement and the Notes will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, the Partnership Agreement, any Transportation Agreement, or any other agreement or instrument to which the Company or any Subsidiary is hound or by which the Company or any Subsidiary or any of their respective Properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary. No Contractual Obligation of the Company or any of its Subsidiaries has or is reasonably expected to have a Material Adverse Effect.

Section 5.7. **Governmental Authorizations, Etc.** No Governmental Approval or other consent or approval of third parties is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes. No material Governmental Approval is required for the Company to own, and for the Company or the Operator to operate, the Pipeline with a peak day capacity of I ,457.5 MMcf/d, to transport natural gas through the Pipeline and to carry on its business as now being conducted and as proposed to be conducted by it, or for the Company to issue the Notes, except for those Governmental Approvals which have been duly obtained or made, have been accepted by the Company, are in full force and effect, are not the subject of any pending judicial or administrative proceedings, and if the applicable statute, rule or regulation provides for a fixed period for judicial or administrative appeal or review thereof, such periods have expired and no petition for administrative or judicial appeal or review has been filed other than those Governmental Approvals and other consents or approvals of third parties the failure of which, individually or collectively, would not reasonably be expected to have a Material Adverse Effect.

Section 5.8. Litigation; Observance of Agreements, Statutes and Orders. (a) There are no actions, suits, investigations or proceedings pending or, to the best knowledge of the Company or the Operator, threatened against or affecting the Company or any Subsidiary or any property or assets of the Company or any Subsidiary, in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws or the USA Patriot Act) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. No Default of Event of Default has occurred or is continuing. To the knowledge of the Company, the Operator is net in breach of any condition, covenant or obligation to be observed or performed by it under the Operating Agreement, which in any case or in the aggregate could reasonably be expected to have a Material Adverse Effect. As of the date hereof, to the knowledge of the Company, (i) no party to any Primary Agreement is in breach of any condition, covenant or obligation to be observed or performed by such party thereunder, which in any case or in the aggregate could reasonably be expected to have a Material Adverse Effect and (ii) no condition exists which would permit, directly, with the passage or giving of notice or both, any party thereto to terminate any material Primary Agreement.

Section 5.9. Taxes. The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their Properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments **(i)** the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP and RAP. The Company knows of no

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basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, state or other taxes for all fiscal periods are adequate. The Company (a) is taxable as a partnership for federal and state income tax purposes, (b) has not made an election under United States Treasury Regulations section 7701-3 to be taxed as an association taxable as a corporation, and (c) is not a “publicly traded partnership” as defined under section 7704(b) of the Code.

Section 5.10. Title to Property; Leases. The Company and its Subsidiaries have good and sufficient title to their respective Properties that individually or in the aggregate are Material (including the Pipeline), including all such Properties reflected in the most recent audited financial statements referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. The Company has title in fee simple to, or a valid leasehold interest in, or a valid right of way and easement or license over, all real property required for the operation and maintenance of the Pipeline. All recordings, filings and other actions that are necessary or appropriate in order to create, perfect, preserve, and protect the right, title, estate and interest of the Company in and to such real property have been duly made or taken, and all fees, taxes and other charges relating to such recordings, filings and other actions have been, or at the time of each such recording, filing or other action will be, paid by or on behalf of the Company. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in aH material respects.

Section 5.11. Licenses, Permits, Etc. (a) The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, without known conflict with the rights of others, except to the extent the failure to own or possess such licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(b) To the best knowledge of the Company, no product of the Company or any of its Subsidiaries infringes any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person, except where such infringement could not reasonably be expected to have a Material Adverse Effect.

(c) To the best knowledge of the Company, there is no violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries, except where such violation could not reasonably be expected to have a Material Adverse Effect.

Section 5.12. Compliance with ERISA. (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate

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has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, Properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to section 40l(a)(29) or 412 of the Code or section 4068 of ERISA, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan’s most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan’s most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term **“benefit liabilities”** has the meaning specified in section 400 I of ERISA and the terms **“current value”** and **“present value”** have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company’s most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by

section 49808 of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of such Purchaser's representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by such Purchaser.

Section 5.13. Delivery of Certain Primary Agreements. As of the date of the Closing, the Purchasers have received a true and complete copy of the Operating Agreement and the Partnership Agreement, and each such agreement is in full force and effect.

Section 5.14. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than the Purchasers and not more than 24 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act

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or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

Section 5.15. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Notes as set forth in the section titled "The Offering and Use of Proceeds" of the Memorandum. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), in violation of said Regulation U or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 2% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 2% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

Section 5.16. Existing Indebtedness; Future Liens. (a) Except as described therein, Schedule *S* .16(a) sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries as of April 20, 2010 (including a description of the obligors and obligees, principal amount outstanding and collateral therefor, if any, and Guaranty thereof, if any), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or its Subsidiaries. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any Indebtedness of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.16(b), neither the Company nor any Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section I 0.3.

(c) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company or such Subsidiary, any agreement relating thereto or any other agreement (including, but not limited to, its charter or other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company, except as specifically indicated in Schedule 5.16(c).

Section 5.17. Foreign Assets Control Regulations, Etc. (a) Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

(b) Neither the Company nor any Subsidiary (i) is a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section I of the Anti Terrorism Order or (ii) engages in any dealings or transactions with any such Person. The Company and its Subsidiaries are in compliance, in all material respects, with the USA Patriot Act.

(c) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, assuming in all cases that such Act applies to the Company.

Section 5.18. Status under Certain Statutes. Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 2005, as amended, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

Section 5.19. Environmental Matters. (a) Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(c) Neither the Company nor any Subsidiary has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect.

(d) All buildings on all real properties now owned, leased or operated by or on behalf of the Company or any Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

Section 5.20. Insurance. The Company and each of its Subsidiaries have insurance (including, without limitation, insurance covering terrorism and/or terrorist actions) covering their respective Properties, operations, personnel and businesses, which insurance is in amounts and insures against such losses and risks as are adequate to protect the Company and its Subsidiaries and their respective businesses. Neither the Company nor any of its Subsidiaries (i) has received notice from any insurer or agent of such insurer that capital improvements or other

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expenditures are required or necessary to be made in order to continue such insurance or (ii) has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at a reasonable cost from similar insurers as may be necessary to continue each of their respective businesses.

Section 5.21. No Labor Disputes. No labor disturbance by or dispute with the employees of the Company or the Operator exists or, to the best knowledge of the Company, is contemplated or threatened that could reasonably be expected to have a Material Adverse Effect.

Section 5.22. Ranking. The Notes and all other obligations of the Company under this Agreement will rank pari passu with all other senior unsecured and unsubordinated Indebtedness of the Company.

SECTION 6. REPRESENTATIONS OF THE PURCHASERS.

Section 6.1. Purchase for Investment. Each Purchaser severally represents that it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or tor the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

Section 6.2. Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption ("PTE") 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the "NAIC Annual Statement")) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed I 0% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such

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separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than I 0% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part V of PTE 84-14 (the **"QPAM Exemption"))** managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(l) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Section IV of PTE 96-23 (the **"INHAM Exemption"))** managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV of the INHAM Exemption), the conditions of Part l(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of"control" in Section IV(d) of the INHAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms "employee benefit plan," "governmental plan," and "separate account" shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 7. INFORMATION AS TO COMPANY.

Section 7.1. Financial and Business Information. From and after the date of this Agreement the Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) *Quarterly Statements*- as soon as available, but in any event within 45 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) an unaudited consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) unaudited consolidated statements of income, Partners' equity and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally (except for the omission of footnotes and subject to normal year-end adjustment), and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the entities being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

(b) *Annual Statements* -as soon as available, but in any event within 90 days after the end of each fiscal year of the Company, duplicate copies of

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, and

(ii) consolidated statements of income, Partners' equity and cash flows of the Company and its Subsidiaries for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by

(A) an opinion thereon of Blum, Shapiro & Company P .C. or other independent public accountants of recognized national or regional standing with experience in auditing companies of similar size and in similar businesses as the Company, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in

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connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and

(B) a certificate of a Senior Financial Officer stating that they have reviewed this Agreement and stating further whether, in making their audit, they have become aware of any condition or event that then constitutes a Default or an Event of Default, and, if they are aware that any such condition or event then exists, specifying the nature and period of the existence thereof.

(c) *SEC and Other Reports*- promptly upon their becoming available, one copy of (i) each financial statement, report, or notice sent by the Company or any Subsidiary to its principal lending banks as a whole, except such as are ministerial in nature and in respect of which a failure to notify could not reasonably be expected to have a Material Adverse Effect, (ii) to the extent the Company is required to file any report with the SEC or any national securities exchange pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC or any national securities exchange, (iii) a copy of (x) the initial filing made by the Company or any of its Subsidiaries with FERC which is a request for a new extension of the Pipeline and (y) any filings or other submissions seeking a change in rates or charges (except for minor rate changes), and (iv) all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(d) *Notice of Default or Event of Default* - promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or !:-;vent of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *ERISA Matters* - promptly, and in any event within five days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the

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receipt by the Company or any ERISA Affiliate of a notice from a Multi- employer Plan that such action has been taken by the PBGC with respect to such Multi-employer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) *Notices from Governmental Authority* - promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect;and

(g) *Requested Information* - with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any holder of Notes that is an Institutional Investor.

Section 7.2. **Officer's Certificate.** Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1 (a) or Section 7.1 (b) shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) *Covenant Compliance*- a statement and calculation (including details of such calculation) (i) of the Debt Service Coverage Ratio, during the quarterly or annual period covered by the statements then being furnished (including the calculations of the maximum or minimum amount of the Debt Service Coverage Ratio permissible under the terms of Section I 0.5, and the calculation of the Debt Service Coverage Ratio then in existence), (ii) of the ratio of Indebtedness of the Company (excluding Affiliate Subordinated Indebtedness) and of its Subsidiaries, taken as a whole with the Company, to Total Capitalization of the Company, (a) during the quarterly or annual period covered by the statements then being furnished and (b) prior to and after giving effect to each Incurrence of Indebtedness of the Company or any of its Subsidiaries (to the extent such Incurrence is permitted under Section I 0.4 or I O.I3) and (iii) evidencing the Company's compliance with the provisions of Section I 0.3(viii) relating to the basket for Liens during the quarterly or annual period covered by the statements then being furnished; and

(b) *Event of Default* a statement that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its

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Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. **Visitation.** The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) *No Default*- if no Default or Event of Default then exists, at the expense of such holder, upon reasonable prior notice to the Company and subject to the requirements of Section 20, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default*- if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as m<! ‘ be requested.

SECTION 8. PAYMENT AND PREPAYMENT OF THE NOTES.

Section 8.1. Maturity. As provided therein, the entire unpaid principal balance of the Notes shall be due and payable on the stated maturity date thereof.

Section 8.2. Optional Prepayments with Make-Whole Amount. The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than 5% (five percent) of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the Make- Whole Amount determined for the prepayment

date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect

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to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make- Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make- Whole Amount as of the specified prepayment date.

Section 8.3. Allocation of Partial Prepayments. In the case of each partial prepayment of the Notes, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

Section 8.4. Maturity; Surrender, Etc. In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to such date and the applicable Make- Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make- Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.5. Purchase of Notes. The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment or prepayment of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.6. Make- Whole Amount.

"Make-Whole Amount" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, *provided* that the Make- Whole Amount may in no event be less than zero. For the purposes of determining the Make- Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by (i) the yields reported as of I 0:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX I" (or such other display as may replace Page PX I) on Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.l5 (or any comparable successor publication) for U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date.

In the case of each determination under clause (i) or clause (ii), as the case may be, of the preceding paragraph, such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (I) the applicable U.S. Treasury security with the maturity closest to and greater than such Remaining Average Life and (2) the applicable U.S. Treasury security with the maturity closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 12.1.

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

Section 8.7. Mandatory Prepayment.

(i) Upon the occurrence of (a) a Catastrophic Loss, or (b) a Material Loss in the event that the Company does not use the Loss Proceeds received to rebuild or repair the Pipeline or otherwise render the Pipeline fit for normal use, the Company shall prepay Notes in an amount equal to the Pro Rata Portion of the Loss Proceeds (which Pro Rata Portion shall be calculated as at the date which is two Business Days prior to the Determination Date (as defined below) of the Notes to be prepaid), in whole or in part ratably among the holders of the Notes at a prepayment price equal to all unpaid principal thereof plus accrued and unpaid interest thereon to and on a date to be determined by the Company, which date shall fall within three (3) months after the date on which the Loss Proceeds are received by or on behalf of the Company (such date, the "Determination Date").

(ii) Subject to the requirements set forth in clause (iii) below, the Company shall, at least 60 days prior to the Determination Date as established by the Company (unless a shorter notice period shall be specified with respect to the same redemption or repayment event pursuant to the Senior Indenture, the Senior Loan Agreement, or the Senior 2009 Notes Agreement), deliver to each holder of Notes a notice specifying (a) the event giving rise or potentially giving rise to a mandatory prepayment pursuant to Section 8.7(i), (b) the Determination Oat to be established hereunder, (c) the prepayment price, (d) the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3) and (e) that the prepayment price shall be wire transferred (in immediately available funds) to the holder of each Note being prepaid. The Company shall, no later than 45 days prior to the Determination Date, deliver to each holder of Notes a certificate of a Senior Financial Officer, describing the occurrence of the event and an estimate of the amount of the Catastrophic Loss or Material Loss, as the case may be.

(iii) The Notes shall also be subject to mandatory prepayment pursuant to the provisions of Section 10.1(A).

SECTION 9. AFFIRMATIVE COVENANTS.

The Company covenants that from and after the date of this Agreement and for so long as any of the Notes are outstanding:

Section 9.1. Maintenance of Existence, etc. Except as permitted by Section 10.6, the Company shall, and shall cause each of its Subsidiaries to, at all times (i) preserve and maintain in full force and effect (a) the Company's existence as a limited partnership under the laws of the State of Delaware and, in the case of a Subsidiary, its legal existence, and (b) the Company's and its Subsidiaries' respective qualifications to do business in each other jurisdiction in which the conduct of their respective business requires such qualification, unless, in the good faith judgment of the Company, the failure so to qualify could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (ii) preserve and maintain all of its rights, privileges and franchises necessary for the construction, ownership and operation of the Pipeline in accordance with the Primary Agreements, unless the Company has concluded that certain failures to so preserve or maintain is desirable in the conduct of its

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business and the Company has concluded, in its good faith judgment, that such failures to so preserve or maintain would not, individually or in the aggregate, result in a Material Adverse Effect, and (iii) comply in all respects with the provisions of the Primary Agreements, unless in the good faith judgment of the Company failure to comply would not, individually or in the aggregate, result in a Material Adverse Effect. The Company shall not, and shall cause each of its Subsidiaries not to, amend its organizational documents in any manner that could reasonably be expected to have a Material Adverse Effect.

Section 9.2. **Books and Records.** The Company shall, and shall cause each of its Subsidiaries to, keep proper books of records and accounts in which full, true and correct entries shall be made of all of its transactions in accordance with GAAP, RAP and all other applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be and agrees that any Institutional Investor may inspect such books of records and accounts from time to time upon reasonable notice.

Section 9.3. **Enforcement of Primary Agreements.** The Company shall, and shall cause each of its Subsidiaries to, enforce all of its rights under, perform all actions required of it to comply with its obligations under, and maintain in full force and effect, the Primary Agreements, unless the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 9.4. Maintenance of Rating. The Company shall maintain at least an issuer rating from at least one of S&P, Moodys or Fitch Ratings, Inc.

Section 9.5. **Maintenance of Properties.** The Company will cause the Pipeline to be maintained and kept in good condition, repair and working order (normal wear and tear excepted) and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times.

Section 9.6. **Maintenance of Insurance.** The Company will provide or cause to be provided, for itself and its Subsidiaries, insurance (including appropriate self-insurance) against loss or damage of the kinds customarily insured against by companies similarly situated and owning like properties, including, but not limited to, products liability insurance and public liability insurance, with reputable insurers or with the government of the United States of America, or an agency or instrumentality thereof, in such amounts, with such deductibles and by such methods as shall be customary for companies similarly situated in the industry in which the Company is then conducting business.

Section 9.7. **Payment of Taxes and Other Claims.** The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and will pay or discharge and shall cause each of its Subsidiaries to pay or discharge, or cause to be paid or discharged, before the same shall become delinquent (i) all material taxes, assessments and governmental charges levied or imposed upon (a) the Company or any such Subsidiary, (b) the income or profits of any such Subsidiary which is a corporation or (c) the property of the Company or any such Subsidiary and (ii) all material lawful claims for labor, materials and

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supplies that, if unpaid, might by law become a lien upon the property of the Company or any such Subsidiary; *provided* that the Company shall not be required to pay or discharge, or cause to be paid or discharged, any such tax, assessment, charge or claim the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves have been established in conformity with GAAP and RAP.

Section 9.8. Maintenance of all Rights to all Pipeline Related Property. The Company shall, and shall cause each of its Subsidiaries to, maintain all rights to all Pipeline related Property unless the failure to do so will not have a Material Adverse Effect.

Section 9.9. Use of Proceeds. The Company shall apply the net proceeds from the issuance and sale of any series of Notes as set forth in the Memorandum under the caption "Offering and Use of Proceeds".

Section 9.10. Compliance with Laws and Regulations. Without limiting Section l 0.12, the Company shall, and shall cause its Subsidiaries to, comply with all laws, ordinances, government rules, regulations or court decrees to which its property or assets may be subject (including, but not limited to, Environmental Laws and safety regulations relating to the transportation of natural gas or for the discharge or handling of hazardous fuels), except where failure to comply would not reasonably be expected to result in a Material Adverse Effect.

Section 9.11. Permits; Approvals. The Company shall, and shall cause its Subsidiaries to, possess all licenses, certificates, authorizations and permits issued by federal, state or foreign regulatory bodies which are necessary or desirable for the ownership of their respective Properties (including, without limitation, the Pipeline) or the conduct of their respective businesses as so conducted, except where failure to possess such licenses, certificates, authorization or permits would not have a Material Adverse Effect.

Section 9.12. Ranking. The Company will cause its obligations under the Notes and all other obligations of the Company under this Agreement at all times to rank pari passu with all other senior unsecured and unsubordinated Indebtedness of the Company.

SECTION 10. NEGATIVE COVENANTS.

The Company covenants and agrees that, from and after the date of this Agreement and for so long as any of the Notes are outstanding, it shall observe the following negative covenants:

Section 10.l. Limitations on Asset Sales.

The Company will not consummate any Asset Sale, unless (i) the consideration received by the Company is at least equal to the Fair Market Value of the assets sold or disposed of and (ii) at least 90% of the consideration received consists of cash or Temporary Cash Investments or the assumption of indebtedness of the Company (other than Indebtedness to any Subsidiary), provided that (a) the Person assuming such Indebtedness is a corporation, limited liability company, partnership or trust organized under the laws of the United States or any State or the District of Columbia and expressly assumes the Indebtedness obligations under this Agreement and the Notes, (b) immediately after such transaction, such assuming Person is not in default in

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the performance of any covenants or conditions contained in the Senior Indenture, the Senior Loan Agreement, the Senior 2009 Notes Agreement, this Agreement and/or Notes, (c) the Person assuming the Indebtedness must be rated at least investment grade by *both* Moody's (which as of the date of this Agreement is at least Baa3) and S&P (which as of the date of this Agreement is at least BBB-) and with a stable outlook with respect to each such rating prior to and immediately after such assumption of Indebtedness and the Company, prior to the consummation of any such assumption of Indebtedness, shall deliver, or shall cause to be delivered, to each holder of Notes satisfactory evidence of such ratings and stable outlook, (d) such Person shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof and (e) the Company is irrevocably and unconditionally released from all liability under such Indebtedness.

In the event and to the extent that the Company receives Net Cash Proceeds from one or more Asset Sales occurring on or after the date of the Closing, the Company shall within six months after the receipt of such Net Cash Proceeds:

(A) apply an amount equal to the Pro Rata Portion of such Net Cash Proceeds to consummate an Offer to Purchase Notes owing to a Person (other than the Company, any of its Partners or any of their respective Affiliates) at a purchase price equal to 100% of the principal amount thereof plus accrued interest (if any) to the OTP Payment Date; or

(B) invest an equal amount or enter into a definitive agreement committing to so invest within 12 months after the date of such agreement, in Property (other than current assets) of a business or businesses meeting the requirements set forth in Section 10.8.

Section 10.2. Limitations on Actions with Respect to Primary Agreements. The Company will not, and will cause each of its Subsidiaries not to, agree or consent to any termination, modification, supplement or waiver of any Primary Agreement, nor shall the Company initiate any change to the tariff, if the Company reasonably determines that such termination, modification, supplement or waiver of any such Primary Agreement or change to the tariff would individually or collectively with all other such terminations, modifications, supplements and waivers of the Primary Agreement and changes to the tariff, reasonably be expected to have a Material Adverse Effect.

Section 10.3. Limitations on Liens. The Company will not and will cause each of its Subsidiaries not to create, incur, assume or suffer to exist any Lien upon any of the Company's or such Subsidiary's Property, whether now owned or hereafter acquired other than:

(i) a Lien that equally and ratably secures all of the Notes, subject to arrangements and documentation regarding such security (including any intercreditor arrangements) being in form and substance satisfactory to each holder of Notes;

(ii) a Lien that is created in favor of a governmental entity, mechanic, materialman or lessor in the ordinary course of business and payment of which is not overdue for a period of more than 30 days, but not in any event Liens in favor of a lessor in a sale-leaseback transaction;

(iii) a Lien that is the result of a court judgment as to which all rights of appeal have not terminated and is bonded or pledged or enforcement of which will not have a Material Adverse Effect on the Company or its Subsidiaries;

(iv) a Lien that extends, renews or replaces in whole or in part a Lien referred to herein (other than any additional Lien described in clause (viii) below);

(v) a Lien that secures pledges or deposits under worker's compensation, unemployment insurance and other social security legislation;

(vi) a Lien that consists of easements, rights-of-way or other similar encumbrances which do not interfere with the business or operations of the Company;

(vii) a Lien granted by a Subsidiary upon any of such Subsidiary's assets to secure Non-Recourse Indebtedness; and

(viii) any additional Lien; *provided* that the Indebtedness secured by such Lien, plus all other Indebtedness secured by Liens (including Indebtedness for Capitalized Lease Obligations but excluding Indebtedness secured by Liens otherwise permitted by clauses (i) through (vi) above), plus all leases under sale-leaseback transactions which the Company has not elected to treat as an Asset Sale, does not exceed 3% of Total Capitalization of the Company (the "3% **Lien Basket Provision");** *provided further* that, notwithstanding the 3% Lien Basket Provision, the Company will not, and will not permit any Subsidiary to, use the 3% Lien Basket Provision to grant, permit to exist or assume any Liens securing Indebtedness outstanding under or pursuant to any Credit Facility unless and until the Notes (and any guaranty delivered in connection therewith) shall be concurrently secured equally and ratably with such Indebtedness (including any guaranty delivered in connection therewith) pursuant to documentation in form and substance satisfactory to the Required Holders).

Section 10.4. Limitations on Indebtedness. The Company will not Incur additional Indebtedness and will not (other than as permitted by Section 10.13) permit any of its Subsidiaries to Incur any Indebtedness unless, with respect to any additional Indebtedness that the Company or any of its Subsidiaries (but only to the extent permitted by Section 10.13) proposes to Incur,

(i) immediately after giving effect to such Incurrence, the ratio of Indebtedness of the Company (excluding Affiliate Subordinated Debt) and its Subsidiaries, taken together, to Total Capitalization does not exceed 75%; and

(ii) no Default or Event or Default shall have occurred and be continuing at the time of such Incurrence, and no Default or Event of Default shall result from such Incurrence;

Notwithstanding any other prov1s1on of this Section 10.4, the maximum amount of Indebtedness that the Company may Incur pursuant to this Section I 0.4 shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, due solely to the result of fluctuations in interest rates designated in any Interest Rate Agreement or the exchange rates of currencies.

For purposes of determining any particular amount of Indebtedness under this Section I 0.4, guarantees, Liens or obligations with respect to letters of credit supporting Indebtedness otherwise included in the determination of such particular amount shall not be included. For purposes of clarification and not limitation, any Lien securing Indebtedness incurred by the Company or any Subsidiary of the Company (other than Liens described in clause (vi) of the definition of "Indebtedness") shall not be counted as a separate Incurrence of Indebtedness.

Section 10.5. Limitations on Distributions. The Company will not declare or make any Distribution at any time unless: (i) no Default or Event of Default shall have occurred and be continuing, or would occur as a result of declaring or making such Distribution, (ii) the ratio of Indebtedness to Total Capitalization after giving effect to such intended Distribution does not exceed 75%, (iii) (A) the Debt Service Coverage Ratio of the Company for the last four calendar quarters taken as a whole prior to the date of such intended Distribution is at least 1.25 to I and (B) if the then current rating of the Notes is below BBB+ from S&P or below A3 from Moody's, the Projected Debt Service Coverage Ratio of the Company for the next four calendar quarters from such date of Distribution is expected to be at least 1.25 to I, both as certified by the Company in an Officer's Certificate delivered to each holder of Notes pursuant to Section 7.2(a); *provided* that this Section I 0.5(iii)(B) shall not apply in the case of any Distribution made in the twelve months prior to the final maturity date of the longest maturing Notes if, after making such Distribution, the cash on hand of the Company and the expected Operating Cash Flow for the period commencing on the date of such Distribution and ending on the final maturity date of such longest maturing Notes will be sufficient to enable the Company to make the Debt Service Payment due on such final maturity date as certified by the Company in an Officer's Certificate delivered to each holder of Notes pursuant to Section 7.2(a) and (iv) after making such Distribution, the cash on hand of the Company, the expected Operating Cash Flow for the period commencing on the date of such Distribution and ending on the next scheduled Debt Service Payment Date (excluding cash on hand and expected Operating Cash Flow, if any, relied on in connection with satisfying the requirements of the proviso to Section I 0.5(iii)(B)) and amounts available under any working capital facility to the next scheduled Debt Service Payment Date will be sufficient to enable the Company to make all of the payments of Senior Debt principal and interest falling due between the date of such Distribution and such Debt Service Payment Date, including the Debt Service Payment due on such date, excluding any principal and interest due on the final maturity date of the longest maturing Notes, the payment of which will be satisfied by expected Operating Cash Flow and cash on hand pursuant to the proviso to Section 10.5(iii)(B), as certified by the Company in an Officer's Certificate delivered to each holder of Notes pursuant to Section 7.2(a).

Section 10.6. Existence/Prohibition on Fundamental Changes. The Company will not, and will not permit any of its Subsidiaries to, consolidate with or merge into, or convey, transfer or lease all or substantially all of its assets to, any Person, unless (i) the Company is the continuing Person in any such merger or consolidation or the Person (if other than the

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Company) which is the continuing Person in any such merger or consolidation or which acquires all or substantially all of the assets of the Company is a corporation, limited liability company, partnership or trust organized under the laws of the United States or any State or the District of Columbia and expressly assumes the Company's obligations under this Agreement and the Notes, (ii) immediately after such transaction, the Company or such other Person, as the case may be, is not in default in the performance of any covenants or conditions contained in the Senior Indenture, this Agreement or Notes (iii) there

shall be No Ratings Downgrade as a result of such transaction and (iv) if the Company is not the continuing Person, such other Person shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof.

Section 10.7. Limitation on Sale-Leaseback Transactions. The Company will not, and will not permit any of its Subsidiaries to, enter into any sale-leaseback transaction involving any of its Properties whether now owned or hereafter acquired, whereby the Company or any of its Subsidiaries sells or transfers such Properties and then or thereafter leases such Properties or any part thereof or any other Properties which the Company or such Subsidiary intends to use for substantially the same purpose or purposes as the Properties sold or transferred.

The foregoing restriction does not apply to any sale-leaseback transaction if (i) the lease secures or relates to industrial revenue or pollution control bonds issued in compliance with Section 10.4; (ii) the sale-leaseback transaction is in compliance with clause (viii) of Section 10.3; or (iii) the Company within 6 months after the sale or transfer any assets or properties is completed, applies an amount not less than the net proceeds received from such sale in accordance with clause (A) or (B) of the second paragraph of Section 10.1.

Section 10.8. Limitation on Lines of Business and Investments. The Company shall not, and shall not permit its Subsidiaries to, engage or invest in any business or activity other than:

(a) the business contemplated by the Transaction Agreements and the Memorandum, as of the date of the Memorandum;

(b) activities associated with, or incidental to, the operation, maintenance or expansion of the Pipeline or the storage of natural gas;

(c) activities associated with, or incidental to, (w) the processing or shipping of natural gas, (x) the processing, shipping or storage of natural gas liquids, (y) the installation, and leasing or rental, of fiber optic or similar cable or (z) the construction or operation of facilities for the generation of electricity using waste heat from the Pipeline, in all such cases related to the operation of the Pipeline; or

(d) activities (including investments) associated with, or intended to induce, the supply of gas for transportation on the Pipeline or the consumption of gas transported by the Pipeline;

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provided that in no circumstance shall the Company engage or invest in, or permit Its Subsidiaries to engage or invest in, (A) any business or activity related to the exploration and production of hydrocarbons or (B) any business or activity described in Sections (c) or (d) above that would cause the Consolidated Net Tangible Assets of the Company and its Subsidiaries attributable to all their businesses and investments described in Sections (c) and (d) above to exceed 10% of the amount of the Consolidated Net Tangible Assets of the Company and its Subsidiaries attributable to all their businesses and investments described in Sections (a) and (b) above.

Section 10.9. Limitation on Investments. The Company will not directly or indirectly, make any Investment, other than Permitted Investments and Investments made with amounts from which the Company may otherwise have made Distributions in accordance with Section 10.5.

Section 10.10. Limitation on Transactions with Affiliates. Except as contemplated by any agreement between the Company and an Affiliate of the Company, a Partner or an Affiliate of a Partner in existence on the date of this Agreement and any successor thereto, if at any time hereafter the Company or any Subsidiary proposes to enter into or become a party to any material agreement or arrangement with an Affiliate of the Company, a Partner or an Affiliate of a Partner, the Company will not, and will not permit any of its Subsidiaries to, enter into or become a party to any such agreement or arrangement unless such agreement or arrangement shall be on terms no more favorable to the Affiliate of the Company, the Partner or Affiliate of the Partner, as the case may be, than those that would be offered to parties that are not Affiliates of the Company, Partners or Affiliates of Partners.

Section 10.11. Abandonment. The Company will not, directly or indirectly, voluntarily abandon the Pipeline or otherwise cease to pursue operations of the Pipeline for a period of more than 180 days.

Section 10.12. Terrorism Sanctions Regulations. The Company will not and will not permit any Subsidiary to (a) become a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti Terrorism Order or (b) engage in any dealings or transactions with any such Person.

Section 10.13. Restrictions on the Establishment of Subsidiaries. The Company shall have no Subsidiaries except for Subsidiaries which are limited to the lines of business set forth above in Section 10.8. The Company shall not permit its Subsidiaries to Incur Indebtedness except for Nonrecourse Indebtedness and Indebtedness which is guaranteed by the Company; *provided* that any such Indebtedness must be permitted to be incurred in accordance with, and after giving effect to, Section 10.4.

Section 10.14. Ratio of Indebtedness to Total Capitalization. Notwithstanding anything to the contrary in this Agreement, the Company will not permit, and will cause each of its Subsidiaries not to permit, at any time the ratio of Indebtedness of the Company (excluding Affiliate Subordinated Indebtedness) and of its Subsidiaries, taken as a whole with the Company, to Total Capitalization of the Company to exceed seventy-five percent (75%).

SECTION 11. EVENTS OF DEFAULT.

An “Event of Default” shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal, interest or Make- Whole Amount, if any, on any Note or any other amount due under this Agreement when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise and such failure continues for a period of five (5) days; or

(b) the Company shall fail to perform or observe any covenant set forth in Section 7.I(d) or Section I0; or

(c) the Company shall fail to perform or observe any of its obligations or covenants (other than covenants described in (b) above or as covered in (a) above) contained in this Agreement (or in any modification or amendment hereto) and such default has continued uncured for 30 or more days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (c) of Section II);or

(d) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(e) the Company shall default in the payment when due (after any applicable grace period) of any principal of or interest on any of its other Indebtedness aggregating $10,000,000 or more; or any event specified in any note, agreement, indenture or other document (including, without limitation the Senior Loan Agreement, the Senior 2009 Notes Agreement or the Senior Indenture) evidencing or relating to any such Indebtedness shall occur and shall continue beyond any applicable notice, grace, or cure period, if the effect of such event is to cause, or (with or without the giving of any notice) to permit the holder or holders of such indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, such Indebtedness to become due, or to be prepaid in full (whether by redemption, purchase, offer to purchase or otherwise), prior to its stated maturity and such event is not cured or waived pursuant to the terms of such Indebtedness or such Indebtedness is accelerated prior to the end of any related cure period; or

(f) a court having jurisdiction in the premises enters a decree or order for (i) relief in respect of the Company or any Significant Subsidiary in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or

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substantially all of the Property of the Company or a Significant Subsidiary or (iii) the winding up or liquidation of the affairs of the Company or any Significant Subsidiary and, in each case, such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(g) the Company or any Significant Subsidiary (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the Property of the Company or any Significant Subsidiary or (iii) effects any general assignment for the benefit of creditors; or

(h) a final judgment or judgments for the payment of money in excess of $10,000,000 in the aggregate shall be rendered by one or more courts, administrative tribunals or other bodies having jurisdiction over the Company and the same shall not be discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within 60 days from the date of entry thereof and the Company shall not, within said period of 60 days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(i) (i) the Company shall file with FERC for the abandonment of the Pipeline, (ii) FERC shall issue a final, non-appealable order for the abandonment of the Pipeline or (iii) the Company shall otherwise abandon the Pipeline; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(l8) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed $5,000,000, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect.

As used in Section 11(j), the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in section 3 of ERISA.

Any Partner shall have the right, but not the obligation, to cure any payment default in paragraphs (a), (e), or (h) above within the respective grace period set forth in such paragraphs, and, if such payment default is cured, such payment default shall not constitute an Event of Default under this Agreement.

SECTION 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration. (a) If an Event of Default with respect to the Company described in Section 11(f) or (g) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 50% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section ll(a) has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon (including, but not limited to, interest accrued thereon at the Default Rate) and (y) the Make- Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make- Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. Rescission. At any time after any Notes have been declared due and payable pursuant to Section 12.1(b) or (c), the holders of not less than 50.10% in principal

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amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make- Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make- Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

Section 13.1. Registration of Notes. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes. Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)), for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within ten Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person

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as such holder may request and shall be substantially in the form of Exhibit I. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $100,000, *provided* that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

Section 13.3. Replacement of Notes. Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in Section l8(iii)) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least $50,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within ten Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

SECTION 14. PAYMENTS ON NOTES.

Section 14.1. Place of Payment. Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in at the principal office of The Bank of New York Mellon in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Home Office Payment. So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below such Purchaser's name in Schedule A, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably

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promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this Section 14.2.

SECTION 15. EXPENSES, ETC.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a single firm of special counsel and, if reasonably required by the Required Holders, local or other specialty counsel) incurred by the Purchasers and the other holders of a Note in connection with such transactions (including reasonable fees, charges and disbursements of the Purchasers' special counsel incurred on and after the date of the Closing with respect to preparation and delivery of closing document sets and binders for the transactions contemplated hereby to the holders of Notes and other Persons) and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes).

Section 15.2. Survival. The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any

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certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 17. AMENDMENT AND WAIVER.

Section 17.1. Requirements. This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the

amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make- Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 12, 17 or 20.

Section 17.2. Solicitation of Holders of Notes.

(a) *Solicitation.* The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) *Payment.* The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

Section 17.3. Binding Effect, etc. Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not

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expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

Section 17.4. Notes Held by Company, Partners, etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company, any of its partners or any of their respective Affiliates shall be deemed not to be outstanding.

SECTION 18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

SECTION 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or

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administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "Confidential Information" means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement other than information that was clearly marked or labeled or otherwise adequately identified as not being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) aliy Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing

prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such

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holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

SECTION 21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21), shall be deemed to refer to such Affiliate in lieu of such original Purchaser. In the event that such Affiliate is so substituted as a Purchaser hereunder and such Affiliate thereafter transfers to such original Purchaser all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, any reference to such Affiliate as a "Purchaser" in this Agreement (other than in this Section 21), shall no longer be deemed to refer to such Affiliate, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

SECTION 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 22.2. Payments Due on Non-Business Days. Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in Section 8.4 that the notice of any optional prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; provided that if the maturity date of any Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

Section 22.3. Accounting Terms. All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP and, if applicable, RAP, and (ii) all financial statements shall be prepared in accordance with GAAP and RAP.

Section 22.4. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and

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any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.5. Construction, etc. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

Section 22.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 22.7. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice of law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 22.8. Jurisdiction and Process; Waiver of Jury Trial. (a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in Section 22.8(a) by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 22.8 shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH.

Section 22.9. Source of Payments Limited; Rights and Liabilities of the Company. The Holders shall have no recourse with respect to the non-performance of the obligations of the Company to make payments of principal of, Make-Whole Amount, if any, and interest on the Notes against any Person other than the Company, including, but not limited to, the Partners or any Affiliate of any Partners or of the Company or any partner, incorporator, officer, director or employee thereof, or with respect to the assets or properties thereof (collectively, the **"Nonrecourse Persons").**

Section 22.10. Compliance with Financial Covenants. For purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company to measure an item of Indebtedness using fair value (as permitted by Statement of Financial Accounting Standards No. 159 or any similar accounting standard) shall be disregarded and such determination shall be made instead using the par value of such Indebtedness.

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If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.

By: IROQUOIS PIPELINE OPERATING COMPANY,
its Agent

By: /s/ Paul Bailey
Name: Paul Bailey
Title: Vice President & Chief Financial Officer

By: /s/ Jeffrey A. Bruner
Name: Jeffrey A. Bruner
Title: Vice President, General Counsel & Secretary

This Agreement is hereby accepted and agreed to as of the date hereof.

METROPOLITAN LIFE INSURANCE COMPANY

METLIFE INSURANCE COMPANY OF CONNECTICUT

By: Metropolitan Life Insurance Company, its Investment Manager

By: /s/ Judith A. Gulotta
Name: Judith A. Gulotta
Title: Managing Director

EMPLOYERS REASSURANCE COMPANY

By: MetLife Investment Advisors Company, LLC, its investment adviser

By: /s/ Judith A. Gulotta
Name: Judith A. Gulotta
Title: Managing Director

SIGNATURE PAGE TO
IROQUOIS GAS TRANSMISSION SYSTEM, L.P. NOTE PURCHASE AGREEMENT

This Agreement is hereby accepted and agreed to as of the date hereof.

NEW YORK LIFE INSURANCE COMPANY

By: /s/ Ruthard C. Murphy, II
Name: Ruthard C. Murphy, II
Title: Corporate Vice President

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION

By: New York Life Investment Management LLC, its Investment Manager

By: /s/ Ruthard C. Murphy, II
Name: Ruthard C. Murphy, II
Title: Director

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION INSTITUTIONALLY OWNED LIFE INSURANCE SEPARATE ACCOUNT (BOLI3)

By: New York Life Investment Management LLC, its Investment Manager

By: /s/ Ruthard C. Murphy, II
Name: Ruthard C. Murphy, II
Title: Director

SIGNATURE PAGE TO
IROQUOIS GAS TRANSMISSION SYSTEM, L.P. NOTE PURCHASE AGREEMENT

This Agreement is hereby accepted and agreed to as of the date hereof.

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION INSTITUTIONALLY OWNED LIFE INSURANCE SEPARATE ACCOUNT (BOLI 3-2)

By: New York Life Investment Management LLC, its Investment Manager

By: /s/ Ruthard C. Murphy, II
Name: Ruthard C. Murphy, II
Title: Director

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION INSTITUTIONALLY OWNED LIFE INSURANCE SEPARATE ACCOUNT (BOLI 30C)

By: New York Life Investment Management LLC, its Investment Manager

By: /s/ Ruthard C. Murphy, II
Name: Ruthard C. Murphy, II
Title: Director

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION INSTITUTIONALLY OWNED LIFE INSURANCE SEPARATE ACCOUNT (BOLI 30E)

By: New York Life Investment Management LLC, its Investment Manager

By: /s/ Ruthard C. Murphy, II

Name: Ruthard C. Murphy, II
Title: Director

This Agreement is hereby accepted and agreed to as of the date hereof.

FORETHOUGHT LIFE INSURANCE COMPANY

By: New York Life Investment Management LLC, its Investment Manager

By: /s/ Ruthard C. Murphy, II
Name: Ruthard C. Murphy, II
Title: Director

This Agreement is hereby accepted and agreed to as of the date hereof.

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: /s/ Timothy S. Collins
Name:
Its authorized representative

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY for its Group Annuity

By: /s/ Timothy S. Collins
Name:
Its authorized representative

This Agreement is hereby accepted and agreed to as of the date hereof.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

By: Babson Capital Management LLC as Investment Adviser

By: /s/ Emeka O. Onukwugha
Name: Emeka O. Onukwugha
Title: Managing Director

C.M. LIFE INSURANCE COMPANY

By: Babson Capital Management LLC as Investment Adviser

By: /s/ Emeka O. Onukwugha
Name: Emeka O. Onukwugha
Title: Managing Director

This Agreement is hereby accepted and agreed to as of the date hereof.

MODERN WOODMEN OF AMERICA

By: /s/ W. Kenny Massey
Name: W. Kenny Massey
Title: President & CEO

SIGNATURE PAGE TO
IROQUOIS GAS TRANSMISSION SYSTEM, L.P. NOTE PURCHASE AGREEMENT

This Agreement is hereby accepted and agreed to as of the date hereof.

JOHN HANCOCK LIFE INSURANCE COMPANY (U.S.A.)

By: /s/ Adam Wise
Name: Adam Wise
Title: Director

JOHN HANCOCK LIFE INSURANCE COMPANY OF NEW YORK

By: /s/ Adam Wise
Name: Adam Wise
Title: Authorized Signatory

SIGNATURE PAGE TO
IROQUOIS GAS TRANSMISSION SYSTEM, L.P. NOTE PURCHASE AGREEMENT

This Agreement is hereby accepted and agreed to as ofthe date hereof.

THRIVENT FINANCIAL FOR LUTHERANS

By: /s/ Alan D. Onstad
Name: Alan D. Onstad
Title: Senior Director

SIGNATURE PAGE TO
IROQUOIS GAS TRANSMISSION SYSTEM, L.P. NOTE PURCHASE AGREEMENT

This Agreement is hereby accepted and agreed to as of the date hereof.

STATE FARM LIFE INSURANCE COMPANY

By: /s/ Julie Hoyer
Name: Julie Hoyer
Title: Senior Investment Officer

By: /s/ Jeffrey T. Attwood
Name: Jeffrey T. Attwood
Title: Investment Officer

SIGNATURE PAGE TO
IROQUOIS GAS TRANSMISSION SYSTEM, L.P. Non; PURCHASE AGREEMENT

This Agreement is hereby accepted and agreed to as ofthe date hereof.

THE PHOENIX INSURANCE COMPANY

By: /s/ David D. Rowland
Name: David D. Rowland
Title: Senior Vice President

SIGNATURE PAGE TO
IROQUOIS GAS TRANSMISSION SYSTEM, L.P. NOTE PURCHASE AGREEMENT

SCHEDULE B
(to Note Purchase Agreement)

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"**3% Lien Basket Provision"** has the meaning assigned to that term in Section 10.3 (viii) of this Agreement.

"Additional Senior Indebtedness" means Indebtedness of the Company for borrowed money Incurred after the date of this Agreement and ranking *pari passu* in right of payment with all other Senior Debt (including the Notes).

"Affiliate" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and, with respect to the Company, shall include any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any corporation of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, **"Control"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

"Affiliate Subordinated Debt" means unsecured Indebtedness of the Company held by any Affiliate of the Company, any Partner or an Affiliate of any Partner and subordinated to the Senior Debt on the basis set forth in Exhibit 5.

"Antiterrorism Order" means Executive Order No. 13,224 of September 24, 200 I, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism, 66 U.S. Fed. Reg. 49, 079 (200 I), as amended.

"**Asset Sale**" means any sale, transfer, sale-leaseback transaction or other disposition (excluding a merger or consolidation which is in compliance with the covenant set forth in Section I 0.6) in one transaction or a series of related transactions by the Company to any Person of (i) all or any of the Capital Stock of any Subsidiary, (ii) all or substantially all of the property and assets of an operating unit or business of the Company or any of its Subsidiaries or (iii) any other property and assets of the Company or any Subsidiary outside the ordinary course of business of the Company that is not governed by the provisions of this Agreement applicable to mergers, consolidations and sales of assets of the Company; *provided* that "Asset Sale" shall not include (a) sales or other dispositions of inventory, receivables and other current assets, (b) Distributions permitted to be made under the covenant set forth in Section 10.5 hereof or (c) sales or other dispositions of assets which constitute (i) redundant, obsolete or worn-out property, tools or equipment no longer used or useful in the Company's business and any inventory

or other property sold or disposed of in the ordinary course of business and on ordinary business terms and (ii) dispositions contemplated by the Primary Agreements or replacement or successor agreements.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or are required or authorized to be closed.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in the equity of such Person, outstanding on the date of this Agreement or immediately thereafter, including, without limitation, all partnership interests, common stock and preferred stock.

"**Capitalized Lease Obligations**" means, for any Person, all obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) Property to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under RAP, and, for purposes herein, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

"**Catastrophic Loss**" means an Event of Loss with respect to the Pipeline for which the total Loss Proceeds payable in respect of the lost or damaged Property are greater than $100,000,000.

"**Closing**" is defined in Section 3.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"**Company**" means Iroquois Gas Transmission System, L.P., a Delaware limited partnership or any successor that becomes such in the manner prescribed in Section 10.6.

"**Confidential Information**" is defined in Section 20.

"**Consolidated Net Tangible Assets**" of any Person means, as of any date, (a) all amounts that would be shown as assets on a consolidated balance sheet of such Person prepared in accordance with GAAP, less (b) the amount thereof constituting good will and other intangible assets as calculated in accordance with GAAP.

"**Contractual Obligation**" means as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"**Credit Facility**" means the Senior Loan Agreement and any one or more agreements or facilities providing credit availability to any one or more of the Company and/or its Subsidiaries, as such agreement or facility may be amended, restated,

supplemented or otherwise modified and together with increases, refinancings and replacements thereof.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement, the counterparty to which has capital, surplus and undivided profits aggregating in excess of $250,000,000 (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A2" by Moody's and "A" by S&P (or such similar equivalent rating) or higher.

"Debt Service Coverage Ratio" means, for any period, the ratio of (a) Operating Cash Flow for such period to (b) Mandatory Debt Service for such period.

"Debt Service Payment Date" means, any date on which interest (with respect to which the scheduled dates for payment are October 27 and April 27 of each year, commencing on October 27, 2010, principal, premium, if any, and Make-Whole Amounts, if any, and any other amounts with respect to the outstanding Notes is payable, commencing on April 27, 20 I 0 and ending on the date each of the Notes of such series are paid, satisfied and discharged in full.

"Debt Service Payment" means the sum of interest (with respect to which the scheduled dates for payment are October 27 and April 27 of each year, commencing on October 27, 20 I 0, principal, premium, if any, and Make- Whole Amounts, if any, and any other amounts with respect to the outstanding Notes payable on each Debt Service Payment Date.

"Default" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Default Rate" means that rate of interest that is the greater of (i) 2.00% per annum above the rate of interest stated in clause (a) of the first paragraph of the Notes or (ii) 2.00% over the rate of interest publicly announced by JP Morgan Chase Bank, N.A. in New York, New York as its "base" or "prime" rate.

"Determination Date" is defined in Section 8.7.

"Distribution" means all partnership distributions of the Company (in cash, property of the Company or obligations) or other payments or distributions on account of, or the purchase, redemption, retirement or other acquisition by the Company of, any portion of any partnership interest in the Company, and any payments on Affiliate Subordinated Debt.

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"**ERISA Affiliate**" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"**Event of Default**" is defined in Section 11.

"**Event of Loss**" means an event which causes all or a portion of the Pipeline to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever, including, without limitation, any compulsory transfer or taking or transfer under threat of compulsory transfer or taking of any material part of the Pipeline by any Governmental Authority.

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"**Fair Market Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Management Committee whose determination shall be conclusive if evidenced by a Management Committee Resolution.

"**FERC**" means the Federal Energy Regulatory Commission.

"**GAAP**" means generally accepted accounting principles as in effect from time to time in the United States of America.

"**Governmental Approval**" means any authorization, consent, opm10n, order, approval, license, ruling, permit, certification, exemption, filing or registration from, by or which any Governmental Authority, other than a contract with a Governmental Authority for the acquisition of real property or of an easement or right-of-way over real property owned by it.

"**Governmental Authority**" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"Guarantee Obligation" or "Guarantee Obligations" means as to any Person (the **"guaranteeing person"),** any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counter indemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the **"primary obligations")** of any other third Person (the **"primary obligor")** in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; *provided*, *however*, that the term Guarantee Obligations shall not include (y) endorsements of instruments for deposit or collection in the ordinary course of business or obligations to reimburse or indemnify a provider of surety or performance bonds incurred in the ordinary course of business or (z) obligations with respect to letters of credit (including trade letters of credit) securing obligations (other than obligations described in (i), (ii), (v) or (vi) of the definition of "Indebtedness") entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement).

"Hazardous Material" means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

"holder" means, with respect to any Note the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13**.1.**

"Incur" means, with respect to any Indebtedness, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness; *provided* that neither the accrual of interest nor the accretion of original issue discount shall be considered an Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

(i) all indebtedness of such Person for borrowed money;

(ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(iii) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto, but excluding obligations with respect to letters of credit (including trade letters of credit) securing obligations (other than obligations described in (i) or (ii) above or (v), (vi) or (vii) below) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement);

(iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (including Trade Payables), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services;

(v) all Capitalized Lease Obligations of such Person;

(vi) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be (y) the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness and (z) for the purpose of determining compliance with financial covenants contained in this Agreement, subject to Section 22.1 0;

(vii) all Guarantee Obligations;

(viii) the aggregate Swap Termination Value of all Swap Contracts of such Person; and

(ix) to the extent not otherwise included in this definition, obligations under Currency Agreements and Interest Rate Agreements.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided* (A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP, (B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest and (C) that Indebtedness shall not include any liability for federal, state, local or other taxes.

"Institutional Investor" means (a) any Purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) $1,000,000 or more of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement, the counterparty to which has capital, surplus and undivided profits aggregating in excess of $250 million (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A2" by Moody's and "A" by S&P (or such similar equivalent rating) or higher.

"Investment" in any Person means any direct or indirect advance, loan or other extension of credit (including, without limitation, by way of guarantee or similar arrangement; but excluding advances to customers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable on the balance sheet of the Company) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, bonds, notes, debentures or other similar instruments issued by, such Person.

"Lien" means, with respect to any Property or Person, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such Property or Person. For purposes herein, a Person shall be deemed to own subject to a Lien any Property that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement (other than an operating lease) relating to such Property.

"Loss Proceeds" means all net proceeds from an Event of Loss, including, without limitation, condemnation proceeds and insurance proceeds or other amounts actually received on account of an event which causes all or a substantial portion of the Pipeline to be damaged, destroyed or rendered unfit for normal use; *provided*, *however,* solely for purposes of calculating a Material Loss or Catastrophic Loss, proceeds of delayed opening or business interruption insurance shall not be included.

"Make-Whole Amount" is defined in Section 8.6.

"Management Committee" means a committee comprised of representatives of the partners of the Company which shall have the power to make decisions on behalf of the Company.

"Management Committee Resolution" shall mean a copy of a resolution adopted by the Management Committee and delivered to each holder of Notes.

"**Mandatory Debt Service**" means, for any period, the sum of all scheduled interest, premium, if any, and principal due and payable during such period in respect of all Indebtedness of the Company; *provided* that fees, including any consent fees, payable in connection with the issuance of any Additional Senior Indebtedness shall be excluded.

"**Material**" means material in relation to the business, operations, affairs, financial condition, assets, or properties, of the Company and its Subsidiaries taken as a whole.

"**Material Adverse Effect**" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement, the Notes or any other Senior Debt Agreement, or (c) the material rights and remedies of any Senior Parties under the Senior Debt Agreements (including validity or enforceability of this Agreement and or the Notes), or (d) the timely payments of any principal or interest on any of the Senior Debt (including those evidenced by the Notes).

"**Material Loss**" means an Event of Loss with respect to the Pipeline for which the total Loss Proceeds payable in respect of the lost or damaged Property are more than $10,000,000 and equal to or less than $100,000,000.

"**Memorandum**" is defined in Section 5.3.

"**Moody's**" means Moody's Investors Service.

"**Multiemployer Plan**" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"**NAIC**" means the National Association of Insurance Commissioners or any successor thereto.

"**Net Cash Proceeds**" means, (a) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of (i) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale, (ii) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Subsidiaries, taken as a whole, (iii) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (A) is secured by a Lien on the property or assets sold or (B) is required to be paid as a result of such sale and (iv) appropriate amounts to be provided by the Company or any Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification

obligations associated with such Asset Sale, all as determined in conformity with GAAP and (b) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Nonrecourse Indebtedness" means Indebtedness which the holder thereof shall have no recourse with respect to the non-performance of the obligations of the debtor or obligor under such Indebtedness to make payments of principal of, premium, if any, and interest on such Indebtedness against any Person other than such debtor or obligor, including, but not limited to the Company, and any such Indebtedness shall specifically so state.

"Nonrecourse Person" shall have the meaning ascribed thereto in Section 22.9.

"No Ratings Downgrade" means that the ratings on the Notes are reaffirmed after consideration of a proposed applicable event as being equal to or higher than the then current rating on the Notes, no earlier than 60 days prior to the proposed applicable event, by both of the Required Rating Agencies.

"Notes" is defined in Section 1.

"Offer to Purchase" means an offer to purchase Notes by the Company from the holders of Notes commenced by mailing a notice to each holder of Notes stating:

(i) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(ii) the purchase price (which shall be equal to I 00% of the principal amount of the Notes to be purchased plus accrued interest (if any) to the OTP Payment Date) and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "OTP Payment Date");

(iii) that any Note not tendered will remain outstanding and continue to accrue interest pursuant to its terms;

(iv) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the OTP Payment Date;

(v) that holders of Notes electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note to the Company or an agent of the Company designated by the Company at the address

specified in the notice prior to the close of business on the Business Day immediately preceding the OTP Payment Date;

(vi) that holders of Notes will be entitled to withdraw their election if the Company or an agent of the Company designated by the Company receives, not later than the close of business on the third Business Day immediately preceding the OTP Payment Date, a telegram, facsimile transmission or letter setting forth the name of such holder of Notes, the principal amount of Notes delivered for purchase and a statement that such holder of Notes is withdrawing his election to have such Notes purchased; and

(vii) that holders of Notes whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of $1,000 or integral multiples thereof.

On the OTP Payment Date, the Company shall (i) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (ii) shall promptly wire transfer in immediately available funds to the holders of Notes so accepted for prepayment, payment in an amount equal to the purchase price, and the Company shall promptly execute and mail to such holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of $1,000 or integral multiples thereof. The Company will comply with Rule l4e-l under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

"Officer's Certificate" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"Operating Agreement" means the Amended and Restated Operating Agreement dated as of February 28, 1997, between Iroquois Pipeline Operating Company and the Company.

"Operating Cash Flow" means, for any period, the excess, if any, of (a) all Revenues received during such period *over* (b) all Operating Expenses paid during such period other than any nonrecurring Operating Expenses incurred in connection with the issuance or retirement of any Senior Debt.

"Operating Expenses" means, for any period, the sum, computed without duplication, of all cash operating and maintenance expenses and required reserves in respect of such expenses of the Company, including, without limitation, (a) expenses of administering and operating the Pipeline and of maintaining it in good repair and

operating condition payable by the Company during such period, (b) direct operating and maintenance costs of the Pipeline (including, without limitation, all payments due and payable under the Operating Agreement and any ground leases and excluding any necessary maintenance-level capital expenditures which are not fully recoverable within one year) payable by the Company during such period, (c) insurance costs payable by the Company during such period, (d) sales and excise taxes payable by the Company with respect to the transportation of natural gas during such period, (e) franchise taxes payable by the Company d11ring such period, (f) federal, state and local income taxes payable by the Company during such period, (g) costs and fees attendant to the obtaining and maintaining in effect the government approvals payable by the Company during such period and (h) legal, accounting and other professional fees attendant to any of the foregoing items payable by the Company during such period. Operating Expenses excludes, to the extent otherwise included, depreciation for such period.

"Operator" means Iroquois Pipeline Operating Company, a Delaware corporation, or any successor thereto under the Operating Agreement.

"OTP Payment Date" is defined in the definition of Offer to Purchase.

"Partner" means any partner under the Partnership Agreement.

"Partner Parent" means, with respect to each Partner, the Affiliate of such Partner, if any, with ultimate "control" over such Partner (as such term is used in the definition of "Affiliate".

"Partnership Agreement" means the Amended and Restated Limited Partnership Agreement, dated February 28, 1997, among the Partners, as amended by the First Amendment thereto, dated January 27, 1999, the Second Amendment, dated May 4, 2001 and the Third Amendment, dated as of September 1, 2005.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"Permitted Investments" means (i) any Temporary Cash Investment; (ii) loans and advances to officers and employees of the Company or any of its Subsidiaries in an aggregate principal amount at any time outstanding not exceeding $2,000,000; (iii) any Interest Rate Agreement entered into in the ordinary course of business and not for speculative purposes; (iv) Investments existing on the date of this Agreement and set forth on Schedule PI-1 to the Agreement and any extensions, renewals or reinvestments thereof, so long as the aggregate amount of all Investments pursuant hereto is not increased at any time above the aggregate amount of such Investments existing on the date of this Indenture; (v) Investments representing Capital Stock or other equity interests or obligations issued to the Company or any of its Subsidiaries in settlement of claims against any other Person by reason of a composition or readjustment of debt or a reorganization of any debtor of the Company or any Subsidiary; (vi) Investments acquired by the Company or any of its Subsidiaries in connection with any Asset Sale permitted under Section 10.1 to the extent such Investments are non-cash proceeds; (vii)

Investments consisting of extension of trade credit or security deposits made in the ordinary course of business and (viii) Investments in businesses or activities permitted under Section 10.8 provided that such Investment is funded entirely and specifically by a capital contribution to the Company by its Partners in accordance with the Partnership Agreement.

"**Person**" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority, whether acting in an individual, fiduciary or other capacity.

"**Pipeline**" means the 411 mile, interstate natural gas pipeline system extending from the United States - Canada border at Ontario/Waddington, New York and terminating at its interconnect with the facilities of the Consolidated Edison Company of New York at Hunts Point in Bronx, New York, together with all appurtenant facilities (including, without limitation, lateral lines, cooling facilities, meter stations and compressor stations) and any future expansions or extensions of these facilities.

"**Plan**" means an "employee benefit plan" (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"**Primary Agreements**" means the Transportation Agreements, the Shipper Guarantees and the Operating Agreement and all succeeding agreements thereto.

"**Projected Debt Service Coverage Ratio**" means, at any time of determination thereof, a projection of the Debt Service Coverage Ratio for a period which includes, or consists entirely of, future periods, prepared by the Company in good faith based upon assumptions believed by the Company to be reasonable.

"**Property**" or "**Properties**" means any right or interest in or to assets or property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, cohate or incohate.

"**Pro Rata Portion**" means, with respect to Loss Proceeds (or any other amount), as of any date, an amount equal to the product of such Loss Proceeds (or other amount) multiplied by a fraction, (x) the numerator of which shall equal the principal amount of the outstanding Notes and (y) the denominator of which shall equal the sum of (i) the principal amount of the outstanding Notes and (ii) the outstanding principal amount of all other Senior Debt at such date (including, with respect to the Senior Loan Agreement, the Total Revolving Credit Commitment (as such term is defined in the Senior Loan Agreement) at such date (or if then terminated, the outstanding principal amount of the Revolving Credit Loans (as such term is defined in the Senior Loan Agreement))).

"**PTE**" is defined in Section 6.2(a).

"**Purchaser**" is defined in the first paragraph of this Agreement.

"**Qualified Institutional Buyer**" means any Person who is a "qualified institutional buyer" within the meaning of such term as set forth in Rule 144A(a)(l) under the Securities Act.

"**Ratings Event**" means, at any given time, a reduction, downgrade or withdrawal of the issuer credit rating of the Company (including placement of any such rating on "negative outlook" or "negative watch" or their equivalent) by S&P or Moody's, which has caused, or is reasonably likely to result in, the Company's issuer credit rating failing to be at least BBB+ by S&P and A3 by Moody's.

"**RAP**" means regulatory accounting principles.

"**Related Fund**" means, with respect to any holder of any Note, any fund or entity that (i) invests in Securities or bank loans, and (ii) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

"**Required Holders**" means, at any time, the holders of at least 50% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"**Required Rating Agencies**" means S&P and Moody's.

"**Responsible Officer**" means any Senior Financial Officer and any other officer of the Company or the Operator with responsibility for the administration of the relevant portion of this Agreement.

"**Revenues**" means all revenues accruing to the Company, calculated in accordance with GAAP. "Revenues" shall include all cash distributions made to the Company by its Subsidiaries which are not subject to repayment by law or by contract and shall exclude all revenues accruing to such Subsidiaries which are not so distributed.

"**S&P**" means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.

"**SEC**" shall mean the Securities and Exchange Commission of the United States, or any successor thereto.

"**Securities**" or "**Security**" shall have the meaning specified in Section 2(I) of the Securities Act.

"**Securities Act**" means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"**Senior 2009 Notes**" means the $140,000,000 6.63% Senior Notes due 2019 issued pursuant to the Senior 2009 Notes Agreement.

"**Senior 2009 Notes Agreement**" means the Note Purchase Agreement dated as of May 13, 2009, by and among the Company and the purchasers named therein.

"**Senior Debt**" means Indebtedness in respect of this Agreement and Notes, the Senior Loan Agreement and any notes issued thereunder, the Senior 2009 Notes, the Senior 2009 Notes Agreement, the Senior Indenture, the Senior Indenture Securities and any Additional Senior Indebtedness.

"**Senior Debt Agreements**" means all agreements, documents and instruments evidencing and/or securing the Senior Debt or pursuant to which Senior Debt is issued, including without limitation, this Agreement.

"**Senior Financial Officer**" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"**Senior Indenture**" means the Indenture, dated as of May 30, 2000, between the Borrower and The Dank of New York Mellon, as Trustee, as supplemented on May 30, 2000 an August 13, 2002 and as it may from time to time be further supplemented or amended by a Management Committee Resolution and an officer's certificate issued pursuant thereto or by one or more Series Supplemental Indentures entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Senior Indenture Securities established as contemplated by the provisions therein.

"**Senior Indenture Securities**" means, collectively, the $200,000,000 8.68% Senior Notes due 20 I 0, the $170,000,000 6.10% Senior Notes due 2027, and any other debt securities, authenticated and issued pursuant to the Senior Indenture.

"**Senior Loan Agreement**" means the Loan Agreement dated as of June 26, 2008, as amended on June 25, 2009, by and among the Company, JPMorgan Chase Bank, N.A., as Administrative Agent, and the lenders and other financial institutions party thereto.

"**Senior Parties**" means the Persons that have extended, or that are obliged to extend, credit to the Company pursuant to the Senior Debt Agreements and any agent, trustee or similar representative of any such persons appointed pursuant to any Senior Debt Agreement, including the Trustee and the Administrative Agent under the Senior Loan Agreement.

"**Series Supplemental Indenture**" means an indenture supplemental to the Senior Indenture, or other amendment to the Senior Indenture entered into by the Company and the Trustee or any other instrument delivered by the Borrower for the purpose of establishing, in accordance with the Senior Indenture, the title, form and terms of the Securities of any series; "Series Supplemental Indentures" shall mean each and every Series Supplemental Indenture.

"**Shipper Guarantees**" means those agreements providing financial and performance guarantees to the Company on behalf of certain Shippers or under firm transportation contracts.

"Shipper Guarantors" means Persons who have executed a Shipper Guarantee on behalf of a Shipper.

"Shippers" means those Persons (other than the Company) party to the Transportation Agreements.

"Significant Subsidiary" means Iroquois Pipeline Operating Company (or any successor operator of the Pipeline) and any of the Company's Subsidiaries which meet any of the following conditions:

(1) the Company and it's other Subsidiaries' investments in and advances to such Subsidiary exceed 10 percent of the Company's total assets and the Company's Subsidiaries' total assets consolidated as of the end of the most recently completed fiscal year; or

(2) the Company and it's other Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of such Subsidiary exceeds 10 percent of the Company's total assets and the Company's Subsidiaries' total assets consolidated as of the end of the most recently completed fiscal year; or

(3) the Company and it's other Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of such Subsidiary exceeds 10 percent of such of the Company's income and of the Company's Subsidiaries consolidated for the most recently completed fiscal year.

"Subsidiary'" means, with respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person. Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"SVO" means the Securities Valuation Office of the NAIC or any successor to such Office.

"Swap Contract" means (a) any and all interest rate swap transactions, basis swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward foreign exchange transactions, cap transactions, floor transactions, currency options, spot contracts or any other similar transactions or any of the foregoing (including, but without limitation, any options to enter into any of the foregoing), and (b) any and all transactions

of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement.

"**Swap Termination Value**" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amounts(s) determined as the mark-to-market values(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts4l A.

"Temporary Cash Investment" means any of the following:

(i) direct obligations of the United States of America or Canada or any agency thereof or obligations fully and unconditionally guaranteed by the United States of America or Canada or any agency thereof;

(ii) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America or any state thereof, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of $250 million and has outstanding debt which is rated "A2" by Moody's and "A" by S&P (or such similar equivalent rating) or higher or any money-market fund having assets in excess of $250 million consisting of obligations described in this clause (ii) sponsored by a registered broker dealer or mutual fund distributor;

(iii) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (i) above entered into with a bank or trust company meeting the qualifications described in clause (ii) above;

(iv) commercial paper, maturing not more than 90 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America or any state thereof with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P; and

(v) securities with maturities of six months or less from the date of acquisition issued or fully and unconditionally guaranteed by any state of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or at least "A2" by Moody's.

"**Total Capitalization**" means, as of any date, the sum of (a) the Indebtedness of the Company and its Subsidiaries, on a consolidated basis, on such day plus (b) all

amounts that would be shown as Partners' equity on a balance sheet of the Company as of such date prepared in accordance with U.S. GAAP.

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transaction Agreements" means, collectively, this Agreement and the Primary Agreements.

"Transportation Agreements" means contracts between the Company and the Shippers for transportation services on the Pipeline which may be firm transportation contracts that are long-term (multi-year) or short-term (less than one year) or interruptible transportation contracts.

"Trustee" means the trustee under the Senior Indenture and Series Supplemental Indentures.

"USA Patriot Act" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

Exhibit 4.4

INDENTURE

dated as of May 30, 2000

between

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.

and

THE CHASE MANHATTAN BANK
Trustee

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Certain Sections of this Indenture relating to Sections 310 through 318, inclusive, of the Trust Indenture Act of 1939:

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§ 310(a)(1)	4.8
(a)(2)	4.8
(a)(3)	Not Applicable
(a)(4)	Not Applicable
(a)(5)	4.8
(b)	4.9
§ 311(a)	4.12
(b)	4.12
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(c)(2)	1.2
(c)(3)	Not Applicable
(d)	Not Applicable
(e)	1.2
§ 315(a)	4.1
(b)	6.3
(c)	4.1
(d)	4.1
(e)	6.15
§ 316(a) (last sentence)	1.1
(a)(1)(A)	6.11
(a)(1)(B)	6.12
(a)(2)	Not Applicable
(b)	6.14
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§ 317(a)(1)	6.4; 6.6
(a)(2)	6.17
(b)	4.5
§ 318(a)	1.7

Note: This reconciliation and tie shall not for any purpose he deemed to be a part of the Indenture.

INDENTURE, dated as of May 30, 2000 between IROQUOIS GAS TRANSMISSION SYSTEM, L.P. (together with its successors and assigns, the “Issuer”), and The Chase Manhattan Bank, a New York banking corporation (the “Trustee”).

WITNESSETH:

WHEREAS, the Issuer is a limited partnership formed and existing under the laws of the State of Delaware to construct, own, and operate the Pipeline (this and other defined terms being defined in Article 1 hereof) and, in connection therewith, to enter into the Senior Debt Agreements and the

Primary Agreements;

WHEREAS, the Issuer has duly authorized the creation of an issue of its debt securities (the "Notes") to be issued in one or more series up to such principal amount or amounts as may from time to time be authorized in accordance with the terms of this Indenture;

WHEREAS, all acts necessary (i) to make this Indenture a valid and binding agreement in accordance with its terms and (ii) to make the Notes, when executed by the Issuer and authenticated and delivered by the Trustee, valid and binding obligations of the Issuer, have been done, and the Issuer has duly authorized the execution and delivery of this Indenture to provide for the authentication and delivery of the Notes by the Trustee;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that, for and in consideration of the premises and of the covenants contained herein and in consideration of the purchase of the Notes by the Holders, it is mutually covenanted and agreed, for the benefit of the parties hereto and the equal and proportionate benefit of all Holders, as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.1 Definitions; Construction.

(a) The terms defined in this Section (except as in this Indenture otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture, any Management Committee Resolution and Officer's Certificate, and of any Series Supplemental Indenture shall have the respective meanings specified in this Section and include the plural as well as the singular. All other terms used in this Indenture which are defined in the Trust Indenture Act, or which are by reference in the Trust Indenture Act defined in the Securities Act (except as herein otherwise expressly provided or unless the context otherwise requires), shall have the meanings assigned to such terms in the Trust Indenture Act and in the Securities Act as in force at the date of the execution of this instrument.

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP (as hereinafter defined);

(c) all references in this Indenture to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Indenture.

(d) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(e) unless otherwise expressly specified, any agreement, contract or document defined or referred to herein shall mean such agreement, contract or document as in effect as of the date hereof, as the same may thereafter be amended, supplemented or otherwise modified from time to time in accordance with the terms of this Indenture and the other Transaction Agreements (as hereinafter defined); and

(f) any reference to any Person (as hereinafter defined) shall include its permitted successors and assigns, and in the case of any Government Instrumentality (as hereinafter defined), any Person succeeding to its functions and capacities.

"Act" shall have the meaning ascribed thereto in Section 1.4(a).

"Action" shall have the meaning ascribed thereto in Section 6.11(a).

"Additional Senior Indebtedness" means Indebtedness of the Issuer for borrowed money Incurred after the Initial Closing Date and ranking *pari passu* in right of payment with all other Senior Debt.

"Affiliate" of a specified Person means any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the Person specified, or who holds or beneficially owns 10% or more of the equity interest in the Person specified or 10% or more of any class of voting securities of the Person specified.

"Affiliate Subordinated Debt" means unsecured Indebtedness of the Issuer held by any Affiliate of the Issuer, any Partner or an Affiliate of any Partner and subordinated to the Senior Debt on the basis set forth in Exhibit A.

"Asset Sale" means any sale, transfer, sale-leaseback transaction or other disposition (excluding a merger or consolidation which is in compliance with the covenant set forth in Section 6.2(f) hereof) in one transaction or a series of related transactions by the Issuer to any Person of (i) all or any of the Capital Stock of any Subsidiary, (ii) all or substantially all of the property and assets of an operating unit or business of the Issuer or any of its Subsidiaries or (iii) any other property and assets of the Issuer outside the ordinary course of business of the Issuer that is not governed by the provisions of the Indenture applicable to mergers, consolidations and sales of assets of the Issuer; *provided* that "Asset Sale" shall not include (a) sales or other dispositions of

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inventory, receivables and other current assets, (b) Distributions permitted to be made under the covenant set forth in Section 6.2(e) hereof or (c) sales or other dispositions of assets which constitute (i) redundant, obsolete or worn-out property, tools or equipment no longer used or useful in the Issuer's business and any inventory or other property sold or disposed of in the ordinary course of business and on ordinary business terms and (ii) dispositions contemplated by the Primary Agreements or replacement or successor agreements.

"Authenticating Agent" shall mean any Person acting as Authenticating Agent hereunder pursuant to Section 4.13.

"Authorized Agent" shall mean any Paying Agent, Authenticating Agent or Security Registrar or other agent appointed by the Trustee in accordance with this Indenture to perform any function that this Indenture authorizes the Trustee or such agent to perform.

"Authorized Representative" means, with respect to any Person, the person or persons authorized to act on behalf of such Person by its board of directors or management committee or any other governing body of such Person.

"Authorized Signatory" shall mean any officer of the Trustee or any other individual who shall be duly authorized by appropriate corporate action on the part of the Trustee to authenticate Notes.

"Business Day" means each day which is not a Saturday, a Sunday or a day on which banking institutions in any Place of Payment for the Notes of that series are authorized or obligated by law to remain closed.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in the equity of such Person, outstanding on the Initial Closing Date, including, without limitation, all partnership interests, common stock and preferred stock.

"Capitalized Lease Obligations" means, for any Person, all obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) Property to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under RAP, and, for purposes herein, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

"Catastrophic Loss" means an Event of Loss with respect to the Pipeline for which the total Loss Proceeds payable in respect of the lost or damaged Property are greater than $100,000,000.

"Certificated Notes" means certificated Notes in physical fully registered definitive form.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consolidated Net Tangible Assets" of any Person means, as of any date, (a) all amounts that would be shown as assets on a consolidated balance sheet of such Person prepared in accordance with GAAP, less (b) the amount thereof constituting good will and other intangible assets as calculated in accordance with GAAP.

"Corporate Trust Office" means the principal office of the Trustee at which any particular time corporate trust business of the Trustee shall be administered, which at the date hereof is 450 West 33rd Street, New York, New York 10001, Attention: Capital Markets Fiduciary Services, or such other office as may be designated by the Trustee to the Issuer and each Holder.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement, the counterparty to which has capital, surplus and undivided profits aggregating in excess of $250 million (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A2" by Moody's and "A" by S&P (or such similar equivalent rating) or higher.

"Custodian" means, initially, the Trustee, and its successors and assigns or any other custodian performing similar functions.

"Debt Service Coverage Ratio" means, for any period, the ratio of (a) Operating Cash Flow for such period to (b) Mandatory Debt Service for such period.

"Debt Service Payment Date" means, with respect to the Notes of any series, the debt service payment dates specified in the Series Supplemental Indenture or Management Committee Resolution and Officer's Certificate issued pursuant thereto, commencing on the date specified therein and ending on the date each of the Notes of such series or the Indenture is satisfied and discharged pursuant to the Indenture.

"Debt Service Payment" means the sum of interest, principal, premium, if any, and Liquidated Damages, if any, with respect to the Outstanding Notes payable on each Debt Service Payment Date.

"Decision Period" means the period of time required for the receipt of votes on any matter, which period shall not be less than 30 days or greater than 60 days, as notified to the Holders by the Trustee.

"Default" means any event or circumstance which with notice or lapse of time or both would become an Event of Default.

"Defaulted Interest" means any interest on any Note which is payable, but is not punctually paid or duly provided for, on any Debt Service Payment Date.

"Defaulted Principal" means any principal on any Note which is payable, but is not punctually paid or duly provided for, on any Debt Service Payment Date.

"Definitive Notes" means, with respect to any series of Notes issued hereunder, a Note issued in definitive form that is executed by the Issuer and authenticated and

delivered by the Trustee, all in accordance with Section 2.2 of this Indenture and any Series Supplemental Indenture or Management Committee Resolution and Officer's Certificate issued pursuant thereto.

"Depositary" means, with respect to Notes of any series issuable in whole or in part in the form of one or more Global Notes, a clearing agency registered under the Exchange Act that is designated to act as Depositary for such Notes.

"Determination Date" means the date set for the redemption of the Notes.

"Distribution" means all partnership distributions of the Issuer (in cash, property of the Issuer or obligations) or other payments or distributions on account of, or the purchase, redemption, retirement or other acquisition by the Issuer of, any portion of any partnership interest in the Issuer, and any payments on Affiliate Subordinated Debt.

"Equity" means as of any date, all amounts that would be shown, as Partners' equity.

"Event of Default" means the events listed in Section 6.3 hereof.

"Event of Loss" means an event which causes all or a portion of the Pipeline to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever, including, without limitation, any compulsory transfer or taking or transfer under threat of compulsory transfer or taking of any material part of the Pipeline by any Government Instrumentality.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Exchange Offer" means an offer to the Holders of any series of Notes to issue and deliver to such Holders, in exchange for their Notes, a like aggregate principal amount of debt securities of the Issuer that are identical in all material respects to the Notes held by such Holder, except for the transfer restrictions then relating to the Notes.

"Fair Market Value" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Management Committee whose determination shall be conclusive if evidenced by a Management Committee Resolution.

"FERC" means the Federal Energy Regulatory Commission.

"Final Maturity Date" means, with respect to any Note or any installment of principal thereof or interest thereon, as at any date of determination, the latest date specified in such Note as the fixed date on which the principal of such Note or such installment of principal or interest is due and payable of any Note then Outstanding.

"GAAP" means generally accepted accounting principles in the United States as in effect from time to time.

"Global Notes" mean, with respect to any series of Notes issued hereunder, a Note issued in global form that is executed by the Issuer and authenticated and delivered by the Trustee to the Depositary or pursuant to the Depositary's instructions, all in accordance with Section 2.2 of this Indenture and any Series Supplemental Indenture or Management Committee Resolution and Officer's Certificate issued pursuant thereto.

"Government Instrumentality" of any country means such country and its government and any ministry, department, political subdivision, instrumentality, agency, corporation or commission under the direct or indirect control of such country.

"Guarantee Obligations" means as to any Person (the "guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counter indemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligations shall not include (y) endorsements of instruments for deposit or collection in the ordinary course of business or obligations to reimburse or indemnify a provider of surely or performance bonds incurred in the ordinary course of business or (z) obligations with respect to letters of credit (including trade letters of credit) securing obligations (other than obligations described in (i), (ii), (v) or (vi) of the definition of "Indebtedness") entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement).

"Holders" means the registered owners of the Notes as shown on the Security Register maintained for that purpose.

"Incur" means, with respect to any Indebtedness, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness; *provided* that neither the accrual of interest nor the accretion of original issue discount shall be considered an Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

(i) all indebtedness of such Person for borrowed money;

(ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(iii) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto, but excluding obligations with respect to letters of credit (including trade letters of credit) securing obligations (other than obligations described in (i) or (ii) above or (v), (vi) or (vii) below) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement);

(iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services, except Trade Payables;

(v) all Capitalized Lease Obligations;

(vi) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;

(vii) all Guarantee Obligations; and

(viii) to the extent not otherwise included in this definition, obligations under Currency Agreements and Interest Rate Agreements.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided* (A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP, (B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest and (C) that Indebtedness shall not include any liability for federal, state, local or other taxes.

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by a Management Committee Resolution and an Officer's Certificate issued pursuant thereto or by one or more Series Supplemental Indentures entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Notes established as contemplated by Section 2.1.

"Independent Engineer" means R.W. Beck, Inc. and its successors and assigns or such other engineering firm in good standing, provided that neither such other firm, during the period of its professional engagement to examine the assumptions prepared by the Issuer or at the date of its report, nor any member of such firm had, or was committed to acquire, any direct financial interest, or material indirect financial interest, in the Issuer and neither such firm or any member of such firm was connected as a promoter, underwriter, voting trustee, director, officer or employee of the Issuer.

"Initial Closing Date" means the date of first issuance of any series of Notes under this Indenture.

"Institutional Accredited Investors" means institutions that are 'accredited investors' within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act.

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement, the counterparty to which has capital, surplus and undivided profits aggregating in excess of $250 million (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A2" by Moody's and "A" by S&P (or such similar equivalent rating) or higher.

"Investment" in any Person means any direct or indirect advance, loan or other extension of credit (including, without limitation, by way of guarantee or similar arrangement; but excluding advances to customers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable on the balance sheet of the Issuer) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, bonds, notes, debentures or other similar instruments issued by, such Person.

"Issue Date" means, with respect to the Notes of any series, the date of the Notes of such series are issued pursuant to this Indenture and the Series Supplemental Indenture or Management Committee Resolution and Officer's Certificate applicable thereto.

"Issuer" means Iroquois Gas Transmission System L.P., a limited partnership formed and existing under the laws of the State of Delaware, together with its successors and assigns.

"Issuer Request" and "Issuer Order" mean, respectively, a written order or request signed in the name of the Issuer by the Vice President and Chief Financial Officer and delivered to a Responsible Officer of the Trustee.

"Lien" means, with respect to any Property, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such Property. For purposes herein, a Person shall be deemed to own subject to a Lien any Property that it has acquired or holds subject to the interest of a vendor

or lessor under any conditional sale agreement, capital lease or other title retention agreement (other than an operating lease) relating to such Property.

"Liquidated Damages" means all liquidated damages then owing pursuant to a registration rights agreement relating to any series of Notes.

"Loan Agreement" means the Loan Agreement dated as of May 30, 2000 by and among the Issuer, The Chase Manhattan Bank, as Administrative Agent, and the lenders and other financial institutions party thereto.

"Loss Proceeds" means all net proceeds from an Event of Loss, including, without limitation, condemnation proceeds and insurance proceeds or other amounts actually received on account of an event which causes all or a substantial portion of the Pipeline to be damaged, destroyed or rendered unfit for normal use; *provided, however,* solely for purposes of calculating a Material Loss or Catastrophic Loss, proceeds of delayed opening or business interruption insurance shall not be included.

"Make-Whole Premium" means,

(a) with respect to all of the Notes of any series to be redeemed, an amount calculated as of the date set for the redemption of the Notes (the "Determination Date") as follows:

(i) the average life of the remaining scheduled payments of principal in respect of the Outstanding Notes of such series (the "Remaining Average Life") shall be calculated as of the Determination Date;

(ii) the yield to maturity shall be calculated for the United States Treasury security having a maturity as close as practicable to the Remaining Average Life and trading in the secondary market at the price closest to par (the "Primary Issue");

(iii) the discounted present value of the then remaining scheduled payments of principal and interest (but excluding that portion of any scheduled payment of interest that is actually due and paid on the Determination Date) in respect of the Outstanding Notes of such series shall be calculated as of the Determination Date using a discount factor equal to the sum of (a) the yield to maturity for the Primary Issue, plus (b) 35 basis points; and

(iv) the amount of premium in respect of Notes of any series to be redeemed shall be an amount equal to (a) the discounted present value of such Notes to be redeemed determined in accordance with clause (iii)

above minus (b) the unpaid principal amount of such Notes on the Determination Date; *provided, however,* that the premium shall not be less than zero; and

(b) with respect to any security, the amount obtained by multiplying (i) the aggregate Make-Whole Premium determined as set forth above by (ii) the ratio of the Outstanding principal amount of such Note on the Determination Date to the aggregate Outstanding principal amount of all Notes of such series on the Determination Date.

"Management Committee" means a committee comprised of representatives of the partners of the Issuer which shall have the power to make decisions on behalf of the Issuer.

"Management Committee Resolution" shall mean a copy of a resolution adopted by the Management Committee and delivered to the Trustee.

"Mandatory Debt Service" means, for any period, the sum of all scheduled interest, premium, if any, and principal due and payable during such period in respect of all Indebtedness of the Issuer; *provided* that fees, including any consent fees, payable in connection with the issuance of any Additional Senior Indebtedness shall be excluded.

"Material Adverse Effect" means a material adverse effect on (a) the ability of the Issuer to perform its obligations under the Indenture, (b) the material rights and remedies of any Senior Parties under the Senior Debt Agreements or (c) the timely payments of any principal or interest on any of the Senior Debt.

"Material Asset" means any asset necessary to operate the Pipeline.

"Material Loss" means an Event of Loss with respect to the Pipeline for which the total Loss Proceeds payable in respect of the lost or damaged Property are more than $10,000,000 and equal to or less than $100,000,000.

"Maturity," when used with respect to any Note, means the date on which the principal of such Note or an installment of principal becomes due and payable as therein or herein provided, whether at the Final Maturity Date or by declaration of acceleration, call for redemption or otherwise.

"Moody's" means Moody's Investors Service.

"Net Cash Proceeds" means, (a) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of (i) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale, (ii) provisions for all taxes (whether or not such taxes will actually be paid or are

payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Issuer and its Subsidiaries, taken as a whole, (iii) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (A) is secured by a Lien on the property or assets sold or (B) is required to be paid as a result of such sale and (iv) appropriate amounts to be provided by the Issuer or any Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP and (b) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"No Ratings Downgrade" means that the ratings on the Notes are reaffirmed after consideration of a proposed applicable event as being equal to or higher than the then current rating on the Notes, no earlier than 60 days prior to the proposed applicable event, by both of the Required Rating Agencies.

"Non-Amortizing Notes" means any series of Notes with (a) a fixed term at the time of issue of five years or longer and (b) scheduled payment terms providing for 35% or more of the initial principal amount of such Notes to become due and payable on the Final Maturity Date of such Notes.

"Nonrecourse Indebtedness" means Indebtedness which the holder thereof shall have no recourse with respect to the non-performance of the obligations of the debtor or obligor under such Indebtedness to make payments of principal of, premium, if any, and interest on such Indebtedness against any Person other than such debtor or obligor, including, but not limited to the Issuer, and any such Indebtedness shall specifically so state.

"Nonrecourse Person" shall have the meaning ascribed thereto in Section 2.11.

"Non-U.S. Holder" means any person or entity that, for U.S. federal income tax purposes, is not a citizen or resident of the United States, a corporation, partnership or other entity created or organized under the laws of the United States or any political subdivision thereof, or an estate or trust, the income of which is subject to United States federal income taxation regardless of its source or that otherwise is subject to United States federal income taxation on a net income basis in respect of Notes.

"Notes" means any debt securities authenticated and delivered under this Indenture.

"Offer to Purchase" means an offer to purchase Notes by the Issuer from the Holders commenced by mailing a notice to the Trustee and each Holder stating:

(i) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(ii) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Payment Date");

(iii) that any Note not tendered will continue to accrue interest pursuant to its terms;

(iv) that, unless the Issuer defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Payment Date;

(v) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Payment Date;

(vi) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Payment Date, a telegram, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(vii) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of $1,000 or integral multiples thereof and *further provided* that if a Global Note is purchased in part, the new Global Note shall be in a denomination equal to the principal amount of the unpurchased portion of the Global Note.

On the Payment Date, the Issuer shall (i) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (ii) deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted; and (iii) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Issuer. The Paying Agent shall promptly wire to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of $1,000 or

integral multiples thereof. The Issuer will publicly announce the results of an Offer to Purchase as soon as practicable after the Payment Date. The Trustee shall act as the Paying Agent for an Offer to Purchase. The Issuer will comply with Rule 14e-l under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Issuer is required to repurchase Notes pursuant to an Offer to Purchase.

"Officer's Certificate" of any Person means a certificate signed by an Authorized Representative of such Person.

"Operating Agreement" means the Amended and Restated Operating Agreement dated as of February 28, 1997, between Iroquois Pipeline Operating Company and the Issuer.

"Operating Cash Flow" means, for any period, the excess, if any, of (a) all Revenues received during such period *over* (b) all Operating Expenses paid during such period other than any nonrecurring Operating Expenses incurred in connection with the issuance or retirement of any Senior Debt.

"Operating Expenses" means, for any period, the sum, computed without duplication, of all cash operating and maintenance expenses and required reserves in respect of such expenses of the Issuer, including, without limitation, (a) expenses of administering and operating the Pipeline and of maintaining it in good repair and operating condition payable by the Issuer during such period, (b) direct operating and maintenance costs of the Pipeline (including, without limitation, all payments due and payable under the Operating Agreement and any ground leases and excluding any necessary maintenance-level capital expenditures which are not fully recoverable within one year) payable by the Issuer during such period, (c) insurance costs payable by the Issuer during such period, (d) sales and excise taxes payable by the Issuer with respect to the transportation of natural gas during such period, (e) franchise taxes payable by the Issuer during such period, (f) federal, state and local income taxes payable by the Issuer during such period, (g) costs and fees attendant to the obtaining and maintaining in effect the government approvals payable by the Issuer during such period and (h) legal, accounting and other professional fees attendant to any of the foregoing items payable by the Issuer during such period. Operating Expenses excludes, to the extent otherwise included, depreciation for such period.

"Opinion of Counsel" means a written opinion of counsel for any Person reasonably satisfactory to the intended recipient thereof.

"Order 636" means the FERC's Order No. 636 issued in 1992.

"Outstanding" means, with respect to Notes, as of the date of determination, all Notes authenticated and delivered under the Indenture, except:

(i) Notes canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Notes for whose payment or redemption money in the necessary amount has been deposited with the Trustee or any paying agent in trust or set aside and segregated in trust by the Issuer (if the Issuer shall act as its own paying agent) for the Holders of such Notes; *provided* that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Notes as to which defeasance has been effected; and

(iv) mutilated, lost or stolen Notes which have been paid or in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to the Indenture, other than any such Notes in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Notes are held by a bona fide purchaser in whose hands such Notes are valid obligations of the Issuer;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Notes have given, made or taken any request, demand, authorization, direction, notice, consent, waiver or other action hereunder as of any date, (A) the principal amount of an original issue discount security which shall be deemed to be Outstanding shall be the amount of the principal thereof which would be due and payable as of such date upon acceleration of the maturity thereof to such date pursuant to the Indenture, (B) if, as of such date, the principal amount payable at the stated maturity of a Note is not determinable, the principal amount of such Note which shall be deemed to be Outstanding shall be the amount as specified or determined under the Indenture, (C) the principal amount of a Note denominated in one or more foreign currencies or currency units which shall be deemed to be Outstanding shall be the U.S. dollar equivalent, determined as of such date in the manner provided in the Indenture, of the principal amount of such Note (or, in the case of a Note described in clause (A) or (B) above, of the amount determined as provided in such clause), and (D) Notes owned by the Issuer or any other obligor upon the Notes or any Partner or any Affiliate of the Issuer or any Partner or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action, only Notes which the Trustee actually knows to be so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Issuer or any other obligor upon the Notes or any Affiliate of the Issuer or of such other obligor.

"Partner" means any partner under the Partnership Agreement.

"Partnership Agreement" means the Amended and Restated Limited Partnership Agreement, dated February 28, 1997, among the Partners.

"Paying Agent" means any Person authorized by the Issuer to pay the principal of and premium, if any, or interest on any Notes on behalf of the Issuer.

"Permitted Investments" means (i) any Temporary Cash Investment; (ii) loans and advances to officers and employees of the Issuer or any of its Subsidiaries in an aggregate principal amount at any time outstanding not exceeding $2,000,000; (iii) any Interest Rate Agreement entered into in the ordinary course of business and not for speculative purposes; (iv) Investments existing on the Initial Closing Date and set forth on Schedule 1.1 to the Indenture and any extensions, renewals or reinvestments thereof, so long as the aggregate amount of all Investments pursuant hereto is not increased at any time above the aggregate amount of such Investments existing on the date of this Indenture; (v) Investments representing Capital Stock or obligations issued to the Issuer or any of its Subsidiaries in settlement of claims against any other Person by reason of a composition or readjustment of debt or a reorganization of any debtor of the Issuer or any Subsidiary; (vi) Investments acquired by the Issuer or any of its Subsidiaries in connection with any Asset Sale permitted under this Indenture to the extent such Investments are non-cash proceeds; (vii) Investments consisting of extension of trade credit or security deposits made in the ordinary course of business and (viii) Investments in businesses or activities permitted under Section 6.2(h) provided that such Investment is funded entirely and specifically by a capital contribution to the Issuer by its Partners in accordance with the Partnership Agreement.

"Person" means any natural person, corporation, partnership, firm, association, Government Instrumentality, or any other entity whether acting in an individual, fiduciary or other capacity.

"Pipeline" means the 375 mile, mainline interstate pipeline facilities extending from the United States - Canada border at Waddington, New York, to South Commack, Long Island, New York, together with all appurtenant facilities and any future expansions or extensions of these facilities.

"Place of Payment" means, when used with respect to the Notes of any series, New York, New York, and the place or places where the principal of and any premium and interest on the Notes of that series are payable as specified as contemplated by the Series Supplemental Indenture or Management Committee Resolution and Officer's Certificate applicable thereto.

"Predecessor Notes", with respect to any particular Note, shall mean any previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; for the purposes of this definition, any Note authenticated and delivered under Section 2.6 in lieu of a lost, destroyed or stolen Note shall be deemed to evidence the same debt as the lost, destroyed or stolen Note.

"Primary Agreements" means the Transportation Agreements, the Shipper Guarantees and the Operating Agreement and all succeeding agreements thereto.

"Primary Issue" means the United States Treasury Security having an average life equal to the Remaining Average Life and trading in the secondary market at the price closest to par.

"Projected Debt Service Coverage Ratio" means, at any time of determination thereof, a projection of the Debt Service Coverage Ratio for a period which includes, or consists entirely of, future periods, prepared by the Issuer in good faith based upon assumptions believed by the Issuer to be reasonable.

"Property" means any right or interest in or to assets or property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"Pro Rata Portion" means, with respect to Loss Proceeds (or any other amount), as of any date, an amount equal to the product of such Loss Proceeds (or other amount) multiplied by a fraction, (x) the numerator of which shall equal the principal amount of the Outstanding Notes and (y) the denominator of which shall equal the sum of (i) the principal amount of the Outstanding Notes and (ii) the outstanding principal amount of all other Senior Debt at such date (including, with respect to the Loan Agreement, (a) the Total Revolving Credit Commitment at such date (or if then terminated, the outstanding principal amount of the Revolving Credit Loans), and (b) the outstanding principal amount of the Term Loans).

"RAP" means regulatory accounting principles.

"Redeemable Stock" of any Person means any capital stock of such Person that by its terms or otherwise is required to be redeemed on or prior to its final maturity date.

"Redemption Price" means the price to be paid by the Issuer for the Notes that are redeemed under Section 3.2 or Section 3.3.

"Registration" shall have the meaning given in Section 6.1(j) hereof.

"Regular Record Date", for the Stated Maturity of any installment of principal of any Note of a series, or payment of interest thereon, means the 15th day (whether or not a Business Day) next preceding such Stated Maturity, or any other date specified for such purpose in the form of the Note of such series attached to the Management Committee Resolution or Series Supplemental Indenture relating to such series.

"Remaining Average Life" means the average life of the remaining scheduled payments of principal in respect of the Outstanding Notes.

"Repayment Period" means the six month period beginning with each Debt Service Payment Date and ending on the day immediately prior to the next Debt Service Payment Date.

"Required Rating Agencies" means S&P and Moody's.

"Responsible Officer" means, when used with respect to the Trustee, any officer assigned to the Corporate Trust Office, including any managing director, vice president, assistant vice president, assistant treasurer, assistant secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and having direct responsibility for the administration of this

Indenture, and also, with respect to a particular matter, any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"Revenues" means all revenues accruing to the Issuer, calculated in accordance with GAAP. "Revenues" shall include all cash distributions made to the Issuer by its Subsidiaries which are not subject to repayment by law or by contract and shall exclude all revenues accruing to such Subsidiaries which are not so distributed.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"S&P" means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.

"SEC" means the Securities and Exchange Commission of the United States or any successor agency.

"Securities Act" means the United States Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Security" shall mean any shares, stock, bonds, debentures, notes, evidences of indebtedness or any other instruments commonly known as "securities".

"Security Register" means any register which the Issuer shall cause to be kept the Corporate Trust Office of the Trustee (and in any other office or agency of the Issuer in a place of payment) in which, subject to such reasonable regulations as it may prescribe, the Issuer provides for the registration of Notes and of transfers and exchanges of Notes.

"Security Registrar" means any Person acting as Security Registrar pursuant to this Indenture.

"Senior Debt" means Indebtedness in respect of the Notes and the Loan Agreement and any Additional Senior Indebtedness.

"Senior Debt Agreements" means all agreements, documents and instruments evidencing and/or securing the Senior Debt or pursuant to which Senior Debt is issued.

"Senior Parties" means the Persons that have extended, or that are obliged to extend, credit to the Issuer pursuant to the Senior Debt Agreements and any agent, trustee or similar representative of any such persons appointed pursuant to any Senior Debt Agreement, including the Trustee.

"Series Supplemental Indenture" shall mean an indenture supplemental to this Indenture entered into by the Issuer and the Trustee for the purpose of establishing, in accordance with this Indenture, the title, form and terms of the Notes of any series; "Series Supplemental Indentures" shall mean each and every Series Supplemental Indenture.

"Shelf Registration Statement" means a registration statement filed under the Securities Act relating to the offer and sale of any series of Notes which are not then freely transferable under the Securities Act.

"Shipper Guarantees" means those agreements providing financial and performance guarantees to the Issuer on behalf of certain Shippers or under firm transportation contracts.

"Shipper Guarantors" means Persons who have executed a Shipper Guarantee on behalf of a Shipper.

"Shippers" means those Persons (other than the Issuer) party to the Transportation Agreements.

"Significant Subsidiary" means Iroquois Pipeline Operating Company (or any successor operator of the Pipeline) and any of the Issuer's Subsidiaries which meet any of the following conditions:

(1) the Issuer and it's other Subsidiaries' investments in and advances to such Subsidiary exceed 10 percent of the Issuer's total assets and the Issuer's Subsidiaries' total assets consolidated as of the end of the most recently completed fiscal year; or

(2) the Issuer and it's other Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of such Subsidiary exceeds 10 percent of the Issuer's total assets and the Issuer's Subsidiaries' total assets consolidated as of the end of the most recently completed fiscal year; or

(3) the Issuer and it's other Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of such Subsidiary exceeds 10 percent of such of the Issuer's income and of the Issuer's Subsidiaries consolidated for the most recently completed fiscal year.

"Special Record Date" for the payment of any defaulted principal or interest shall mean a date fixed by the Trustee pursuant to Section 2.6.

"Stated Maturity" means when used with respect to any Note or any installment of principal thereof or interest thereon, the date specified in such note as the fixed date on which the principal of such Note or such installment of principal and interest is due and payable.

"Subsidiary" means, with respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the

time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

"Temporary Cash Investment" means any of the following:

(i) direct obligations of the United States of America or Canada or any agency thereof or obligations fully and unconditionally guaranteed by the United States of America or Canada or any agency thereof;

(ii) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America or any state thereof, and which bank or

trust company has capital, surplus and undivided profits aggregating in excess of $250 million and has outstanding debt which is rated "A2" by Moody's and "A" by S&P (or such similar equivalent rating) or higher or any money-market fund having assets in excess of $250 million consisting of obligations described in this clause (ii) sponsored by a registered broker dealer or mutual fund distributor;

(iii) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (i) above entered into with a bank or trust company meeting the qualifications described in clause (ii) above;

(iv) commercial paper, maturing not more than 90 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Issuer) organized and in existence under the laws of the United States of America or any state thereof with a rating at the time as of which any investment therein is made of "P-l" (or higher) according to Moody's or "A-l" (or higher) according to S&P; and

(v) securities with maturities of six months or less from the date of acquisition issued or fully and unconditionally guaranteed by any state of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or at least "A2" by Moody's.

"Total Capitalization" means, as of any date, the sum of (a) the Indebtedness of the Issuer on such day plus (b) all amounts that would be shown as Partners' equity on a balance sheet of the Issuer as of such date prepared in accordance with U.S. GAAP.

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transaction Agreements" means, collectively, the Senior Debt Agreements and the Primary Agreements.

"Transfer" shall mean a sale, transfer, assignment, hypothecation, pledge or other disposition and, when used as a verb, shall have a correlative meaning.

"Transportation Agreements" means contracts between the Issuer and the Shippers for transportation services on the Pipeline which may be firm transportation contracts that are long-term (multi-year) or short-term (less than one year) or interruptible transportation contracts.

"Trust Indenture Act" shall mean the Trust Indenture Act of 1939, as amended, and the rules and regulations promulgated thereunder.

"Trustee" means The Chase Manhattan Bank, until a successor Trustee shall have been appointed pursuant to the applicable provisions hereof, and thereafter means such successor Trustee.

"U.S. Government Obligations" means direct obligations of the United States of America or any agency thereof or obligations fully and unconditionally guaranteed by the United States of America or any agency thereof.

"Working Capital Lender" means a bank or trust company which is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of $500 million (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A2" by Moody's and "A" by S&P (or such similar equivalent rating) or higher.

SECTION 1.2 Compliance Certificates and Opinions. Except as otherwise expressly provided by this Indenture, upon any application or request by the Issuer to the Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Trustee an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any particular application or request as to which the furnishing of documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that each individual signing such certificate or opinion or such other officer or employee of the Issuer on whom such individual has relied in good faith has read such covenant or condition and the definitions relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such individual, or such officer or employee, such examination or investigation as is necessary to enable such individual to express an informed opinion as to whether or not such covenant or condition has been complied with has been made;

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with; and

(e) in the case of an Officer's Certificate, a statement that no Event of Default has occurred and is continuing.

SECTION 1.3 Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by or covered by an opinion of any specified Person, it is not necessary that all such matters be certified by or covered by the opinion of only one such Person, or that they be

so certified by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matter in one or several documents.

Any certificate or opinion of an officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows or has reason to believe that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Issuer stating that the information with respect to each factual matters is in the possession of the Issuer unless such counsel knows or in the exercise of reasonable care (without independent investigation) should know that the certificate or opinion or representations with respect to such mailers are erroneous.

Any Opinion of Counsel stated to be based on the opinion of other counsel shall be accompanied by a copy of such other opinion unless such opinion is addressed to and reasonably believed to have been delivered to the recipient of the Opinion of Counsel.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 1.4 Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing or, alternatively, may be embodied in and evidenced by the record of Holders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders duly called and held in accordance with the provisions of Article 8 hereof, or by

a combination of such instruments and any such record. Except as herein otherwise expressly provided, such action shall become effective when each instrument or instruments or record, or both, are delivered to and received by a Responsible Officer of the Trustee and, when it is specifically required herein, to the Issuer. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “Act” of the Holders signing such instrument or instruments and so voting at any such meeting. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 4.2 hereof) conclusive in favor of the Trustee if made in the manner provided in this Section 1.4. The record of any meeting of Holders of Notes shall be proved in the manner provided in Section 8.6 hereof. All such instruments and other evidence of any Act shall be retained by the Trustee and made available for inspection at its Corporate Trust Office by any Holder or prospective Holder.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the Person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer, and where such execution is by an officer of a corporation or association or of a partnership on behalf of such corporation, association or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The principal amount and serial numbers of Notes held by any Person, and the date or dates of holding the same, shall be proved by the Security Register, and the Trustee shall not be affected by notice to the contrary.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the transfer thereof or the exchange therefor or in lieu thereof, whether or not notation of such action is made upon such Note.

(e) Until such time as written instruments shall have been delivered with respect to the requisite percentage of principal amount of Notes for the action contemplated by such instruments, any such instrument executed and delivered by or on behalf of a Holder of Notes may be revoked with respect to any or all of such Notes by written notice by such Holder or any subsequent Holder, proven in the manner in which such instrument was proven.

(f) Notes of any series authenticated and delivered after any Act of Holders may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any action taken by such Act of Holders. If the Issuer shall so determine, new Notes of any series so modified as to conform, in the opinion of the Trustee and the

Issuer, to such action, may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Notes of such series.

The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to sign any instrument evidencing or embodying an Act of the Holders. If a record date is fixed, those persons who were Holders at the close of business on such record date (or their duly appointed agents), and only those persons, shall be entitled to sign any such instrument evidencing or embodying an Act of Holders or to revoke any such instrument previously signed, whether or not such persons continue to be Holders after such record date. No such instrument shall be valid or effective if signed more than 90 days after such record date and may be revoked as provided in paragraph (e) above.

SECTION 1.5 Notices, etc. to Trustee or the Issuer. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(a) the Trustee by any Holder, by the Issuer or by an Authorized Agent shall be sufficient for every purpose hereunder if made, given, furnished, filed in writing or transmitted by facsimile to and received by a Responsible Officer of the Trustee at its Corporate Trust Office, Facsimile

No.: 212-946-8177, or

(b) the Issuer by the Trustee, by any Holder or by an Authorized Agent shall be sufficient for every purpose hereunder if transmitted by facsimile or in writing and mailed, first-class postage prepaid, to the Issuer addressed to it at the fax number or address, as the case may be, of its principal office or at any other address previously furnished in writing to the Trustee by the Issuer for such purpose.

SECTION 1.6 Notices to Holders; Waiver. Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder, at its address as it appears in the Security Register, not later than the latest date and not earlier than the earliest date prescribed for the giving of such notice. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice for the purposes of this Indenture. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders, and any notice that is mailed in the manner herein provided shall be conclusively presumed to have been duly given.

SECTION 1.7 Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be

included in this Indenture by any of the provisions of the Trust Indenture Act, such required provisions shall control.

SECTION 1.8 Execution in Counterparts. This instrument may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts shall together constitute but one of the same instrument.

SECTION 1.9 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.10 Successors and Assigns. All covenants and agreements in this Indenture by the Trustee and the Issuer shall bind and, to the extent permitted hereby, shall inure to the benefit of and be enforceable by their respective successors and assigns, whether so expressed or not. The Issuer may not assign or otherwise transfer any of its rights under this Agreement.

SECTION 1.11 Severability Clause. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.12 Benefits of Indenture. Nothing in this Indenture or in the Notes, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders of Notes, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 1.13 GOVERNING LAW. THIS INDENTURE AND THE NOTES SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 1.14 Legal Holidays. In any case where the Determination Date or the Stated Maturity of any Note or of any installment of principal thereof or payment of interest thereon, or any date on which any Defaulted Interest is proposed to be paid, shall not be a Business Day, then (notwithstanding any other provision of this Indenture or such Note) payment of interest, principal or premium, if any, need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Determination Date or at the Stated Maturity, or on the date on which the Defaulted Interest is proposed to be paid, and, except as provided in a Series Supplemental Indenture or Management Committee Resolution and Officer's Certificate issued pursuant thereto setting forth the terms established for such Note, if such payment is timely made, no interest shall accrue for the period from and after such Determination Date or Stated Maturity, or date for the payment of Defaulted Interest, as the case may be, to the date of such payment.

ARTICLE 2

THE NOTES

SECTION 2.1 Amount; Issuable in Series. The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is unlimited.

The Notes may be issued in one or more series. There shall be established in or pursuant to a Management Committee Resolution and set forth or determined in the manner provided in an Officer's Certificate, or established in one or more Series Supplemental Indentures and in substantially the form appended to such Series Supplemental Indenture, prior to the issuance of Notes of any series, the terms of such series, which may include the following:

(a) the title of the Notes of such series (which shall distinguish the Notes of such series from all other Notes) and the form or forms of Notes of each series;

(b) any limit upon the aggregate principal amount of the Notes of such series that may be authenticated and delivered under this Indenture (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes of such series pursuant to Sections 2.3, 2.4, 2.5, or 3.6 hereof and except for Notes that, pursuant to the last paragraph of Section 2.2 hereof, are deemed never to have been authenticated and delivered hereunder);

(c) the date or dates on which the principal of the Notes of such series is payable, the amounts of principal payable on such date or dates and the Regular Record Date for the determination of Holders to whom principal is payable; and the date or dates on or as of which the Notes of such series shall be dated, if other than as provided in Section 2.2 hereof:

(d) the rate or rates at which the Notes of such series shall bear interest, or the method by which such rate or rates shall be determined, the date or dates

from which such interest shall accrue, the interest payment dates on which such interest shall be payable and the Regular Record Date for the determination of Holders to whom interest is payable and the basis of computation of interest;

(e) if other than as provided in Section 4.13 hereof, the place or places where (i) the principal of, premium, if any, and interest on Notes of such series shall be payable, (ii) Notes of such series may be surrendered for registration of transfer or exchange and (iii) notices and demands to or upon the Issuer in respect of the Notes of such series and this Indenture may be served;

(f) the price or prices at which, the period or periods within which and the terms and conditions upon which Notes of such series may be redeemed, in whole or in part, at the option of the Issuer;

(g) the obligation, if any, of the Issuer to redeem, purchase or repay Notes of such series pursuant to any sinking fund or analogous provision or at the option of a Holder thereof and the price or prices at which and the periods or periods within which and the terms and conditions upon which Notes of such series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligations;

(h) whether Notes of such Series shall initially be represented by Global Notes and/or Definitive Notes and, if other than minimum denominations of $100,000 and any integral multiple of $1,000 in excess thereof, the denominations in which Notes of such series shall be issuable;

(i) the restrictions or limitations, if any, on the transfer or exchange of the Notes of such series (if different from that provided in Section 2.4 hereof);

(j) any other terms of such series (which terms shall not be inconsistent with the provisions of this Indenture);

(k) any trustees, authenticating or paying agents, warrant agents, transfer agents or registrars with respect to the Notes of such series; and

(1) CUSIP or other identification numbers applicable to such Notes.

All Notes of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to the Management Committee Resolution referred to above and set forth in the Officer's Certificate referred to above or in any Series Supplemental Indenture hereto.

If any of the terms of the Notes, including the form of Note of such series, are established by action taken pursuant to a Management Committee Resolution, a copy of an appropriate record of such action shall be certified by an Authorized Representative, and delivered to a Responsible Officer of the Trustee at or prior to the delivery of the Issuer Order contemplated by Section 2.2 for the authentication and delivery of such series of Notes

SECTION 2.2 Execution, Authentication, Delivery and Dating. The Notes of any series shall be executed on behalf of the Issuer by an Authorized Representative of the Issuer. The signature of any Authorized Representative on the Notes may be manual or facsimile.

Notes bearing the manual or facsimile signatures of individuals who were at the time of execution the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Notes.

Subject to Section 2.4 hereof, at any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes of any series executed by the Issuer to the Trustee for authentication, together with an Issuer Order for the authentication and delivery of such Notes, and the Trustee in accordance with the Issuer Order shall authenticate and deliver such Notes. In authenticating such Notes, and accepting any additional responsibilities under this Indenture in relation to such Notes, the Trustee shall be entitled to receive prior to authentication, and shall be fully protected in relying upon, an Opinion of Counsel stating,

(a) the form of such Notes has been established in conformity with the provisions of this Indenture;

(b) that the terms of such Notes have been established in conformity with the provisions of this Indenture; and

(c) that such Notes have been duly authorized and, when authenticated and delivered by the Trustee and issued by the Issuer in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms (subject to customary qualifications or exceptions) and entitled to the benefits of this Indenture.

Each Note shall be dated the date of its authentication.

No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if

any Note shall have been authenticated and delivered hereunder but never issued and sold by the Issuer, and the Issuer shall deliver such Note to the Trustee for cancellation as provided in Section 2.8 hereof, for all purposes of this Indenture such Note shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

SECTION 2.3 Temporary Notes. Pending the preparation of definitive Notes of any series, the Issuer may execute, and upon Issuer Order the Trustee shall

authenticate and deliver, temporary Notes of such series which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes of such series in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers of the Issuer executing the same may determine, as evidenced by their execution of such Notes.

If temporary Notes of any series are issued, the Issuer will cause definitive Notes of such series to be prepared without unreasonable delay. After the preparation of definitive Notes of such series, the temporary Notes of such series shall be exchangeable for definitive Notes of such series upon surrender of the temporary Notes of such series at the office or agency of the Issuer in a Place of Payment, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Notes of any series, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor one or more definitive Notes of such series of any authorized denominations and of like tenor and aggregate principal amount. Until so exchanged, the temporary Notes of such series shall in all respects be entitled to the same benefits under this Indenture as definitive Notes of such series.

SECTION 2.4 Registration, Registration of Transfer and Exchange.

(a) General. The Issuer shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office and in any other office or agency of the Issuer in a Place of Payment being herein sometimes collectively referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Notes and of transfers and exchanges of Notes. The Trustee is hereby appointed "Security Registrar" for the purpose of registering Notes and transfers and exchanges of Notes as herein provided.

Notwithstanding anything to the contrary set forth herein, the Trustee shall not be required and shall have no obligation to monitor compliance with any federal or state securities laws.

Upon surrender for registration of transfer of any Notes at the office or agency of the Issuer in a Place of Payment for that series, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of the same series of any authorized denominations and of like tenor and aggregate principal amount.

At the option of the Holder, Notes of any series, other than a Global Note, may be exchanged for other Notes of such series, of any authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Notes which the Holder making the exchange is entitled to receive.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer or for exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Security Registrar duly executed, by the Holder thereof or its attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Notes, other than exchanges pursuant to Section 2.3, 2.4, 2.5, or 3.6 hereof not involving any transfer.

If any Notes of any series are to be redeemed in part, the Issuer shall not be required (A) to issue, register the transfer or exchange such Notes during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of any such Notes of such series selected for redemption under Section 3.4 hereof and ending at the close of business on the day of such mailing or (B) to issue, register the transfer of or exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

As used in this Section 2.4, the term "transfer" encompasses any sale, pledge or other transfer of any Notes referred to herein.

(b) Global Notes. This Section 2.4(b) shall apply to Global Notes of any series.

(i) Each Global Note authenticated under this Indenture shall be registered in the name of the Depositary designated for such Global Note or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefor, and each such Global Note shall constitute a single Note for all purposes of this Indenture. The Notes of any series may be represented by one or more Global Notes.

(ii) Subject to Section 2.4(c), no Global Note may be exchanged in whole or in part for Notes registered, and no transfer of a Global Note in whole or in pail may be registered, in the name of any Person other than the Depositary for such Global Note or a nominee thereof unless (A) the Issuer has notified a Responsible Officer of the Trustee in writing that the Depositary (l) is no longer willing or able to act as Depositary for such Global Note or (2) has ceased to be a clearing agency registered under the Exchange Act, and, in either case, a successor Depositary is not appointed within 90 days thereof, (B) the Issuer executes and delivers to a Responsible Officer of the Trustee an Issuer Order providing that such Global Note shall be so transferable, registrable and exchangeable, and such

transfers shall be registrable, (C) the Global Note or an interest therein is to be transferred to an Institutional Accredited Investor or (D) there shall have occurred and be continuing an Event of Default with respect to the Notes. Any Global Note exchanged pursuant to subclause (A) above shall be so exchanged in whole and not in part and any Global Note exchanged pursuant to subclause (B) or (C) above may be exchanged in whole or from time to time in part as directed by the Depositary for such Global Note. Notwithstanding any other provision in this Indenture, a Global Note to which the restriction set forth in the second preceding sentence shall have ceased to apply may be transferred only to, and may be registered and exchanged for Notes registered only in the name or names of, such Person or Persons as the Depositary for such Global Note shall have directed, and no transfer thereof other than such a transfer may be registered.

(iii) Subject to clause (ii) above, any exchange of a Global Note for other Notes may be made in whole or in part, and all Notes issued in exchange for a Global Note or any portion thereof shall be registered in such name or names as the Depositary for such Global Note shall direct.

(iv) Every Note authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Note or any portion thereof, whether pursuant to this Section, Section 2.2 or 3.6 hereof or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Note, unless such Note is registered in the name of a Person other than the Depositary for such Global Note or a nominee thereof.

(c) Definitive Notes. Notes sold in the United States to institutions that are "accredited investors" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act ("Institutional Accredited Investors") and that are not "qualified institutional buyers" as defined in Rule 144A shall be issued in the form of definitive securities ("Definitive Notes") in registered form, substantially in the form set forth in the relevant Series Supplemental Indenture, with such legends as shall be applicable thereto. Definitive Notes shall be duly executed by the Issuer and authenticated by the Trustee as herein provided.

SECTION 2.5 Mutilated, Destroyed, Lost and Stolen Notes. If (a) any mutilated Note is surrendered to the Trustee or the Issuer, or if the Security Registrar and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note and (b) there is delivered to the Issuer, the Security Registrar and the Trustee evidence to their satisfaction of the ownership and authenticity thereof, and such security or indemnity satisfactory to them as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Security Registrar or the Trustee that such Note has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's written request, the Trustee shall authenticate and make available for delivery in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Note, of the same series, of like tenor (including the same date of issuance) and equal face amount of principal, registered in the same manner, dated the date of its authentication and bearing interest from the date to which interest has been paid on such

Note, in lieu of and substitution for such Note. If, after delivery of such new Note, a bona fide purchaser of the original Note in lieu of which such new Note was issued presents for payment such original Note, the Issuer and the Trustee shall be entitled to recover such new Note from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expenses incurred by the Issuer or the Trustee in connection therewith.

In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable (excluding any payment of principal other than the final installment of principal) the Issuer in its discretion may, instead of issuing a new Note, pay such Note without surrender thereof (except in the case of a mutilated Note) if the applicant for such payment shall furnish to the Issuer and the Trustee such reasonable security or indemnity as they may require to save each of them harmless, and in case of destruction, loss or theft, evidence to the satisfaction of the Issuer and the Trustee of the destruction, loss or theft of such Note.

Upon the issuance of any new Note under this Section, the Issuer and the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Note issued pursuant to this Section in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

SECTION 2.6 Payments; Interest and Principal Rights Preserved. Principal and interest on any Note which is payable, and is punctually paid or duly provided for, on any Debt Service Payment Date shall be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such principal or interest.

Any principal or interest on any Note of any series which is payable, but is not punctually paid or duly provided for, on any Debt Service Payment Date (herein called "Defaulted Interest" or "Defaulted Principal", as the case may be) shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest or Defaulted Principal, as the case may be, may be paid by the Issuer, at its election in each case, as provided in clause (a) or (b) below:

(a) The Issuer may elect to make payment of any Defaulted Interest or Defaulted Principal, as the case may be, to the Persons in whose names the Notes of such series (or their respective Predecessor Notes) are registered at the close of business on a Special Record Date for the

payment of such Defaulted Interest or Defaulted Principal, as the case may be, which shall be set in the following manner. The Issuer shall notify a Responsible Officer of the Trustee in writing of the amount of Defaulted Interest or Defaulted Principal, as the case may be, proposed to be paid on each Note of such series and the date of the proposed payment, and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or Defaulted Principal, as the case may be, or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest or Defaulted Principal, as the case may be, as in this clause provided. Thereupon, the Issuer shall fix a Special Record Date for the payment of such Defaulted Interest or Defaulted Principal, as the case may be, which shall be not more than 25 days and not less than 10 days prior to the date of the proposed payment and not less than 20 days after the receipt by a Responsible Officer of the Trustee of the notice of the proposed payment. The Trustee shall promptly, in the name and at the expense of the Issuer, cause notice of the proposed payment of such Defaulted Interest or Defaulted Principal, as the case may be, and the Special Record Date therefor to be given to each Holder of Notes of such series in the manner set forth in Section 1.6, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest or Defaulted Principal, as the case may be, and the Special Record Date therefor having been so mailed, such Defaulted Interest or Defaulted Principal, as the case may be, shall be paid to the Persons in whose names the Notes of such series (or their respective Predecessor Notes) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (b).

(b) The Issuer may make payment of any Defaulted Interest or Defaulted Principal, as the case may be, on the Notes of such series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Notes may be listed, and upon such notice as may be required by such exchange, if, after written notice given by the Issuer to a Responsible Officer of the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

SECTION 2.7 Persons Deemed Owners. Subject to Section 2.5, prior to due presentment of a Note for registration of transfer, the Issuer, the Trustee and any agent of the Issuer or the Trustee shall treat the Person in whose name such Note is

registered as the owner of such Note for the purpose of receiving payment of principal of and any premium and any interest on such Note and for all other purposes whatsoever, whether or not payments on such Note be overdue, and neither the Issuer, the Trustee nor any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

SECTION 2.8 Cancellation; Purchase by the Issuer.

(a) All Notes surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by it. The Issuer may at any time deliver to the Trustee for cancellation together with a written direction from an Authorized Representative of the Issuer any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Notes previously authenticated hereunder which the Issuer has not issued and sold, and all Notes so delivered shall be promptly canceled by the Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Notes held by the Trustee shall be disposed of in accordance with its customary procedure in effect from time to time.

(b) The Issuer may at any time purchase any Note in the open market or otherwise at any price.

SECTION 2.9 Computation of Interest.

(a) Except as otherwise contemplated by Section 2.1 for the Notes of a series, interest on the Notes of such series shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

SECTION 2.10 CUSIP Numbers. The Issuer in issuing the Notes may use “CUSIP” numbers (if then generally in use), and, if so, the Trustee shall use “CUSIP” numbers in notices of redemption and related materials as a convenience to Holders; provided that the Trustee shall assume no responsibility for the accuracy of such numbers either as printed on the Notes or as contained in any notice and any such redemption or other notice shall not be affected by any defect in or omission of such numbers.

SECTION 2.11 Source of Payments Limited; Rights and Liabilities of the Issuer. The Holders shall have no recourse with respect to the non-performance of the obligations of the Issuer to make payments of principal of, premium, if any, and interest on the Notes against any Person other than the Issuer, including, but not limited to, the Partners or any Affiliate of any Partners or of the Issuer or any partner, incorporator, officer, director or employee thereof, or with respect to the assets or properties thereof (collectively, the “Nonrecourse Persons”).

SECTION 2.12 Allocation of Principal and Interest. Each payment of principal of and premium, if any, and interest on each Note shall be applied, first, to the payment of accrued but unpaid interest on such Note (as well as any interest on overdue

principal or, to the extent permitted by applicable law, overdue interest) to the date of such payment; second, to the payment of the principal amount of and premium, if any, on such Note then due (including any overdue installment of principal) thereunder; and third, the balance, if any, to the payment of the principal amount of such Note remaining unpaid.

SECTION 2.13 Parity of Notes; Ranking. All Notes of the same series issued and Outstanding hereunder rank on a parity with each other Note of the same series and with all Notes of each other series, without preference, priority or distinction of any one thereof over any other by reason of

difference in time of issuance or otherwise, and each Note of a series shall be entitled to the same benefits under this Indenture as each other Note of the same series and with all Notes of each other series. The Notes shall rank at least *pari passu* with any existing Senior Debt of the Issuer and shall be senior to all other Indebtedness.

SECTION 2.14 Book Entry. In the event the Notes are issued as Global Notes with the Depositary: (i) the Trustee may deal with the Depositary as the authorized representative of the Holders; (ii) the rights of the Holders shall be exercised only through the Depositary and shall be limited to those established by law and agreement between the Holders and the Depositary and/or direct participants of the Depositary; (iii) the Depositary will make book-entry transfers among the direct participants of the Depositary and will receive and transmit distributions of principal, interest and other amounts on the Notes to such direct participants; and (iv) the direct participants of the Depositary shall have no rights under this Indenture under or with respect to any of the Notes held on their behalf by the Depositary, and the Depositary may be treated by the Trustee and its agents, employees, officers and directors as the absolute owner of the Notes for all purposes whatsoever.

ARTICLE 3

REDEMPTION OF NOTES

SECTION 3.1 Applicability of Article. Notes of any series that are subject to redemption before their Stated Maturity (or, if the principal of the Notes of any series is payable in installments, the Stated Maturity of the final installment of the principal thereof) shall be redeemed in accordance with their terms and (except as otherwise specified in the Series Supplemental Indenture or Management Committee Resolution and Officer's Certificate issued pursuant thereto creating such series) in accordance with this Article 3.

SECTION 3.2 Mandatory Redemption of Notes. Unless otherwise provided in a Series Supplemental Indenture or Management Committee Resolution and Officer's Certificate issued pursuant thereto, upon the occurrence of (a) a Catastrophic Loss, or (b) a Material Loss in the event that the Issuer does not use the Loss Proceeds received to rebuild or repair the Pipeline or otherwise render the Pipeline fit for normal use, the Issuer shall redeem Notes in an amount equal to the Pro Rata Portion of the Loss Proceeds (which Pro Rata Portion shall be calculated as at the date which is two Business

Days prior to the Determination Date of such redeemed Notes), in whole or in part ratably among each series at a Redemption Price equal to all unpaid principal thereof plus accrued and unpaid interest thereon to the Determination Date on a Determination Date to be determined by the Issuer, which shall fall within three (3) months after the date on which the Loss Proceeds are received by or on behalf of the Issuer.

SECTION 3.3 Redemption at the Issuer's Option. Unless otherwise provided in a Series Supplemental Indenture or Management Committee Resolution and Officer's Certificate issued pursuant thereto, the Issuer shall have the right at any time to redeem all or any portion of the Outstanding Notes of any series, in whole or in part, ratably among each series at a Redemption Price equal to the unpaid principal amount thereof to be redeemed plus accrued and unpaid interest thereon to the Determination Date, plus the Make-Whole Premium, if any, on a Determination Date to be delivered by the Issuer.

SECTION 3.4 Delivery of Notices and Certificates.

(a) The Issuer shall promptly notify a Responsible Officer of the Trustee in writing, of any event giving rise or potentially giving rise to a mandatory or optional redemption as specified in Section 3.2 or 3.3 hereof. In case of any redemption pursuant to Section 3.2, the Issuer shall, no later than 45 days prior to the Determination Date, deliver to a Responsible Officer of the Trustee an Officer's Certificate, describing the occurrence of the event and an estimate of the amount of the Catastrophic Loss. Subject to the requirements set forth in clause (d) below, if the Issuer elects to redeem any Notes pursuant to Section 3.3 hereof, the Issuer shall, at least 60 days prior to the Determination Date as established by the Issuer in consultation with the Trustee (unless a shorter notice period shall be satisfactory to the Trustee), deliver to a Responsible Officer of the Trustee an Issuer Order specifying the Determination Date to be established hereunder and principal amount of Notes to be redeemed which Issuer Order shall contain the other information required by the Trustee under Section 3.4(b) below.

(b) Except as otherwise specified in the terms of the Notes to be redeemed or in the Series Supplemental Indenture or Management Committee Resolution and Officer's Certificate applicable thereto, the Issuer shall give notice of the event giving rise to a redemption pursuant to Section 3.2 or 3.3 hereunder, at its expense, in the manner provided in Section 1.6 hereof to the Holders of Notes of such series to be redeemed at least 30 days but not more than 60 days prior to the Determination Date, as the case may be. All notices of redemption shall state, as applicable;

(i) the Determination Date;

(ii) the Redemption Price, specifying the Make-Whole Premium payable on redemption, if any;

(iii) that on the Determination Date, interest thereon will cease to accrue on and after said date; and

(iv) the Place or Places of Payment, if any, where such Notes are to be surrendered for payment of the Redemption Price.

(c) The Trustee shall promptly notify the Issuer in writing of the Notes selected for redemption and, in the case of any Notes to be redeemed in part, the principal amount thereof to be redeemed.

(d) In the case of any redemption of Notes (i) prior to the expiration of any restriction on such redemption provided in the terms of such Notes, the Series Supplemental Indenture relating thereto or elsewhere in this Indenture or (ii) pursuant to an election of the Issuer that is subject to a condition specified in the terms of such Notes or of the Series Supplemental Indenture or Management Committee Resolution and Officer's Certificate

relating thereto, the Issuer shall furnish a Responsible Officer of the Trustee with an Officer's Certificate evidencing compliance with such restriction or condition.

SECTION 3.5 Deposit of Redemption Price. Not later than 10:00 a.m. New York City time on or prior to any Determination Date, the Issuer shall deposit with the Trustee or with a Paying Agent an amount of money sufficient to pay the Redemption Price of, and (except if the Determination Date shall be an Interest Payment Date) accrued interest on, all the Notes which are to be redeemed on that date.

SECTION 3.6 Redemption of and Payment on Notes. Notice of redemption having been given as aforesaid, and the conditions, if any, set forth in such notice having been satisfied, the Notes or portions thereof so to be redeemed shall, on the Determination Date, become due and payable, and from and after such date such Notes or portions thereof shall cease to bear interest; *provided, however,* that any payment of interest on any Note, the Stated Maturity of such payment of interest is on or prior to the Determination Date, shall be payable to the Holder of such Note or one or more Predecessor Notes, registered as such at the close of business on the related Regular Record Date according to the terms of such Note and subject to the provisions of Section 2.6 hereof.

SECTION 3.7 Notes Redeemed in Part.

(a) Any Note that is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with due endorsement by, or a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the Holder thereof or its attorney duly authorized in writing), and the Issuer shall execute, and the Trustee shall authenticate and make available for delivery to the Holder of such Note without service charge, a new Note or Notes of the applicable series, of any authorized denomination requested by such Holder and of like tenor and in aggregate principal amount equal to and in exchange for the remaining unpaid principal amount of the Note so surrendered; *provided*, that if a Global Note is so surrendered, the new Global Note shall be in a denomination equal to the unredeemed portion of the principal of the Global Note so surrendered.

(b) Except as otherwise specified in the terms of the Notes or provided in the related Series Supplemental Indenture or Management Committee Resolution and Officer's Certificate issued pursuant thereto, if less than all the Notes are to be redeemed pursuant to Section 3.2 or 3.3 hereof, the particular Notes to be redeemed shall be selected by the Trustee from the Outstanding Notes not previously called for redemption in whole, by such method (including pro rata and by lot) as the Trustee shall deem fair and appropriate.

(c) For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of the Notes shall relate, in the case of any Notes redeemed or to be redeemed only in part, to the portion of the principal amount of such Notes that has been or is to be redeemed.

SECTION 3.8 Cancellation of Notes. All Notes redeemed under any of the provisions of this Indenture shall forthwith be canceled.

ARTICLE 4

CONCERNING THE TRUSTEE

SECTION 4.1 Duties and Responsibilities of Trustee; During Default; Prior to Default. With respect to the Holders of Notes of any series issued hereunder, the Trustee, prior to the occurrence of an Event of Default with respect to the Notes of such series and after the curing or waiving of all Events of Default which may have occurred with respect to the Notes of such series, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an Event of Default with respect to the Notes of any series has occurred (which has not been cured or waived), the Trustee shall, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that

(a) prior to the occurrence of an Event of Default with respect to any series of Notes and after the curing or waiving of all such Events of Defaults with respect to such series of Notes which may have occurred:

(i) the duties and obligations of the Trustee with respect to such Notes shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any statements, certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such statements, certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical computations or other facts stated therein);

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Responsible Officers of the Trustee, unless it shall be conclusively determined by a court of competent jurisdiction that the Trustee was grossly negligent in ascertaining the pertinent facts;

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Issuer or the Holders given under this Indenture; and

(d) none of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any liability, financial or otherwise, in the performance of any of its duties or in the exercise of any of its rights or powers, if there shall be reasonable ground for believing that the repayment of such funds or indemnity satisfactory to it against such liability is not reasonably assured to it.

Except as otherwise specifically provided herein, (i) all references in this Indenture to the Trustee shall be deemed to refer to the Trustee in its capacity as Trustee and in its capacity as Security Registrar and Paying Agent and (ii) every provision of this Indenture relating to the conduct or affecting the liability or offering protection, immunity or indemnity to the Trustee shall be deemed to apply with the same force and effect to the Trustee acting in its capacity as Security Registrar and Paying Agent.

SECTION 4.2 Certain Rights and Duties of Trustee. Subject to Section 4.1 hereof and the Trust Indenture Act, in performing its duties and exercising its powers hereunder:

(a) The Trustee may conclusively rely and shall be fully protected in acting, or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, Note, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties or with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Holders holding a sufficient percentage of Notes of any series to give such direction as permitted by this Indenture.

(b) Any request, direction, order or demand of the Issuer mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Issuer by an Authorized Representative (unless other evidence in respect thereof be herein specifically prescribed); and any Management Committee Resolution may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the General Partner of the Issuer.

(c) The Trustee may consult with counsel, and the advice of counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture and may refuse to perform any duty or exercise any such rights or powers unless it shall have been offered security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(e) The Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture or with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Holders holding a sufficient percentage of Notes to give such direction as permitted by this Indenture.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, Note, debenture or other paper or document unless requested in writing so to do by the Holders of not less than a majority in aggregate principal amount of the Notes then Outstanding; *provided*, that, if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expenses or liabilities as a condition to so proceeding. The reasonable expense of every such investigation shall be paid by the Issuer or, if paid by the Trustee, shall be repaid by the Issuer upon demand.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder or thereunder either directly or by or through agents, nominees, custodians or attorneys, and the Trustee shall not be responsible for the willful misconduct or negligence on the part of or for the supervision of any agent, nominee, custodian or attorney appointed with due care by it hereunder or thereunder.

(h) If an Event of Default known to the Trustee has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(i) Every provision of this Indenture that in any way relates to the Trustee is subject to this Article 4.

(j) The Trustee shall not be charged with knowledge of an Event of Default unless a Responsible Officer of the Trustee obtains actual knowledge of such event or the Trustee receives written notice of such event from the Issuer or Holders owning Notes aggregating not less than 10% of the outstanding principal amount of the Notes.

(k) The Trustee shall have no duty to monitor the performance of the Issuer, nor shall it have any liability in connection with the malfeasance or nonfeasance by the Issuer.

(1) The Trustee shall have no obligation to invest and reinvest any cash held in the absence of timely and specific written investment direction from the Issuer. In no event shall the Trustee be liable for the selection of investments or for investment losses incurred thereon. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the Issuer to provide timely written investment direction.

SECTION 4.3 Trustee Not Responsible for Recitals, Etc. The recitals contained herein and in the Notes, except the Trustee's certificate of authentication, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Notes or of the offering materials used in connection with the offering for sale or sale of the Notes. The Trustee shall not be accountable for the use or application by the Issuer of any of the Notes or of the proceeds of such Notes.

SECTION 4.4 Trustee and Others May Hold Notes. The Trustee, or any Paying Agent or Security Registrar or any other Authorized Agent of the Trustee, or any Affiliate thereof, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Issuer or any other obligor on the Notes with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar or such other Authorized Agent.

SECTION 4.5 Monies Held by Trustee or Paying Agent. All monies received by the Trustee or any Paying Agent shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law.

SECTION 4.6 Compensation of Trustee and Its Lien. The Issuer covenants and agrees to pay to the Trustee (all references in this Section 4.6 to the Trustee shall be deemed to apply to the Trustee in its capacities as Trustee, Paying Agent and Securities Registrar) from time to time, and the Trustee shall be entitled to, compensation for all services rendered by it hereunder in such amounts as may be agreed to from time to time by the Trustee and the Issuer, and, except as herein otherwise expressly provided, the Issuer will pay or reimburse the Trustee upon its request for all reasonable expenses, advances and disbursements incurred or made by the Trustee in accordance with any of the provisions of this Indenture and the other Transaction Documents (including the reasonable compensation and the reasonable expenses and disbursements of its counsel and of all persons not regularly employed by it) except any such expense or disbursement as may arise from its gross negligence or bad faith. If any property other than cash shall at any time be subject to the lien of this Indenture, the Trustee, if and to the extent authorized by a receivership or bankruptcy court of competent jurisdiction or by the supplemental instrument subjecting such property to such lien, shall be entitled, but shall not be required, to make advances for the purpose of preserving such properly or of discharging tax liens or other prior liens or encumbrances thereon. The Issuer also covenants and agrees to indemnify and defend the Trustee and its officers, directors, employees and agents for, and to hold them harmless against, any loss, liability, claim, damage or expense (including the reasonable compensation and expenses and disbursements of its counsel) incurred without gross negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder and the performance of its duties and the exercise of its powers under the other Transaction Documents, including the costs and expenses of defending itself against any claim or liability in the premises. The obligations of the Issuer under this Section 4.6 shall constitute additional Indebtedness hereunder. The rights of the Trustee and the obligations of the Issuer under this Section 4.6 shall survive the resignation or removal of the Trustee, the payment of the Notes, and the satisfaction, discharge or termination of this Indenture.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 6.3(f) or Section 6.3(g) hereof, the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or state bankruptcy, insolvency or other similar law.

SECTION 4.7 Right of Trustee to Rely on Officer's Certificates and Opinions of Counsel. Before the Trustee acts or refrains from acting with respect to any matter contemplated by this Indenture, it may require an Officer's Certificate or an Opinion of Counsel, which shall conform to the provisions of Section 1.3 hereof. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion.

SECTION 4.8 Persons Eligible for Appointment As Trustee. The Trustee for each series of Notes hereunder shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers,

which complies with the requirements of the Trust Indenture Act, having a combined capital and surplus of at least US$1,000,000,000 and having outstanding debt which is rated "A2" by Moody's and "A" by S&P (or such similar equivalent rating) or higher. If such corporation publishes reports of condition at least annually, then, for the purposes of this Section 4.8, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with this Section 4.8, the Trustee shall resign immediately in the manner and with the effect specified in Section 4.9 hereof.

SECTION 4.9 Conflicting Interests; Resignation and Removal of Trustee; Appointment of Successor.

(a) If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture. To the extent permitted by the Trust Indenture Act, the Trustee shall not be deemed to have a conflicting interest by virtue of being a trustee under this Indenture with respect to Notes of more than one series.

(b) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign with respect to one or more or all series of Notes by giving written notice to the Issuer. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor trustee or trustees with respect to such series of Notes by written instrument executed by order of the Board of Directors, one copy of which instrument shall be delivered to each of the resigning trustee and the successor trustee. If no successor trustee shall have been so appointed with respect to such series of Notes and shall have accepted appointment within 30 days after the mailing of such notice of resignation, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Holder who has been a bona fide Holder of a Note of the applicable series for at least six months may, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, appoint a successor trustee.

(c) In case at any time any of the following shall occur:

(i) the Trustee shall cease to be eligible under Section 4.8 hereof with respect to the Notes in any series and shall fail to resign after written request therefor by the Issuer or by any Holder, or

(ii) the Trustee shall become incapable of acting with respect to the Notes in any series, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or of its properly shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, the Issuer may remove the Trustee with respect to the Notes in the applicable series and appoint a successor trustee for such series by written instrument, in duplicate, executed by order of the Management Committee of the Issuer, one copy of which instrument shall be delivered to each of the Trustee so removed and the successor Trustee, or, subject to the Trust Indenture Act, any Holder who has been a bona fide Holder of a Bond of the applicable series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee with respect to such series. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor Trustee with respect to such series. The Issuer shall give prompt notice of each resignation and removal of the Trustee and each appointment of a successor Trustee to all Holders of the Notes.

(d) The Holders of a majority in aggregate principal amount of the Notes at the time Outstanding of any series may at any time remove the Trustee and appoint a successor Trustee with respect to such series by delivering to the Trustee so removed, the successor Trustee so appointed and the Issuer the evidence provided for in Section 7.1 hereof of the action taken by the Holders.

(e) Any resignation or removal of the Trustee and any appointment of a successor Trustee pursuant to this Section 4.9 shall become effective only upon acceptance of appointment by the successor Trustee as provided in Section 4.10 hereof.

SECTION 4.10 Acceptance of Appointment by Successor Trustee. Any successor Trustee appointed under Section 4.9 hereof shall execute, acknowledge and deliver to the Issuer and to its predecessor Trustee with respect to any or all applicable series of Notes an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations with respect to such series of its predecessor Trustee hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the written request of the Issuer or of the successor Trustee, the Trustee ceasing to act shall, upon payment of any such amounts then due it pursuant to the provisions of Section 4.6 hereof, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts with respect to such series of the Trustee so ceasing to act. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Trustee all such rights and powers. Any Trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such Trustee to secure any amounts then due it pursuant to Section 4.6 hereof.

If a successor Trustee is appointed with respect to the Notes of one or more (but not all) series, the Issuer, the predecessor Trustee and each successor Trustee with respect to the Notes of any applicable series shall execute and deliver an indenture supplemental hereto which shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the predecessor Trustee with respect to the Notes of any series as to which the predecessor Trustee is not

retiring shall continue to be vested in the predecessor Trustee, and shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be Trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee.

No successor Trustee with respect to any series of Notes shall accept appointment as provided in this Section unless at the time of such acceptance such successor Trustee shall, with respect to such series, be qualified under the requirements of the Trust Indenture Act and eligible under the provisions of Section 4.8.

Upon acceptance of appointment by a successor Trustee, the Issuer shall give notice of the succession of such Trustee hereunder to the Holders of Notes in the applicable series in the manner provided in Section 1.6 hereof. If the Issuer fails to give such notice within 10 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be given at the expense of the Issuer.

SECTION 4.11 Merger, Conversion or Consolidation of Trustee. Any Person into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Person succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such successor Trustee shall be eligible under the provisions of Section 4.8 hereof and Section 310(a) of the Trust Indenture Act.

SECTION 4.12 Preferential Collection of Claims Against Issuer. If and when the Trustee shall be or become a creditor of the Issuer (or any other obligor upon the Notes), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Issuer (or any such other obligor).

SECTION 4.13 Maintenance of Offices and Agencies.

(a) There shall at all times be maintained in the Borough of Manhattan, The City of New York, and in such other Places of Payment, if any, as shall be specified in the terms established for the Notes of any series in the related Series Supplemental Indenture or Management Committee Resolution and Officer’s Certificate issued pursuant thereto, an office or agency where Notes may be presented or surrendered for registration of transfer or exchange and for payment of principal, premium, if any, and interest, and where notices and demands to or upon the Trustee in respect of such Notes or this Indenture may be served. Such office or agency shall be initially at the Corporate Trust Office. Written notice of the location of each of such other office or agency and of

any change of location thereof shall be given by the Trustee to the Issuer in the manner specified in Section 1.5 hereof and to the Holders in the manner specified in Section 1.6 hereof. In the event that no such office or agency shall be maintained or no such notice

of location or of change of location shall be given, presentations, surrenders and demands may be made and notices may be served at the Corporate Trust Office.

(b) There shall at all times be a Security Registrar and a Paying Agent hereunder. Any Paying Agent (other than the Trustee) from time to time appointed hereunder shall execute and deliver to the Trustee an instrument in which said Paying Agent shall agree with the Trustee, subject to the provisions of this Section 4.13, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, premium, if any, and interest on the Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(ii) give the Trustee within five days thereafter written notice of any default by any obligor upon the Notes in the making of any such payment of principal, premium, if any, or interest; and

(iii) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

Notwithstanding any other provision of this Indenture, any payment required to be made to or received or held by the Trustee may, to the extent authorized by written instructions of the Trustee, be made to or received or held by a Paying Agent in the Borough of Manhattan, The City of New York, for the account of the Trustee.

The Trustee at the Corporate Trust Office is hereby appointed as a Paying Agent hereunder.

(c) At any time when any Notes remain Outstanding, the Trustee at the expense of the Issuer may appoint an Authenticating Agent or Agents with respect to the Notes of one or more series which shall be authorized to act on behalf of the Trustee to authenticate Notes of such series issued upon original issuance, exchange, registration of transfer or partial redemption thereof or pursuant to Section 2.5 hereof, and Notes so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder (it being understood that wherever reference is made in this Indenture to the authentication and delivery of Notes by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent). If an appointment of an Authenticating Agent shall be made pursuant to this Section 4.13(c) with respect to the Notes of one or more series, the Notes of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication in the following form:

This Note is one of the series of Notes referred to in the within-mentioned Indenture.

[ ], as Trustee

By: _____
Authenticating Agent

By: _____
Authorized Signatory

(d) Any Authorized Agent shall be a bank or trust company, shall be a Person organized and doing business under the laws of the United States or any State thereof, with a combined capital and surplus of at least US$100,000,000, and shall be authorized under such laws to exercise corporate trust powers, subject to supervision by Federal or state authorities. If such Authorized Agent publishes reports of its condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 4.13, the combined capital and surplus of such Authorized Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authorized Agent shall cease to be eligible in accordance with the provisions of this Section 4.13, such Authorized Agent shall resign immediately in the manner and with the effect specified in this Section 4.13.

(e) Any Person into which any Authorized Agent may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, consolidation or conversion to which any Authorized Agent shall be a party, or any corporation succeeding to the corporate trust business of any Authorized Agent, shall be the successor of such Authorized Agent hereunder, if such successor Person is otherwise eligible under this Section 4.13, without the execution or filing of any paper or any further act on the part of the parties hereto or such Authorized Agent or such successor Person.

(f) Any Authorized Agent may at any time resign by giving written notice of resignation to the Trustee and the Issuer. The Issuer may, and at the request of the Trustee shall, at any time, terminate the agency of any Authorized Agent by giving written notice of such termination to the Authorized Agent and to the Trustee. Upon the resignation or termination of an Authorized Agent or in case at any time any such Authorized Agent shall cease to be eligible under this Section 4.13 (when, in either case, no other Authorized Agent performing the functions of such Authorized Agent shall have been appointed), the Issuer shall promptly appoint one or more qualified successor Authorized Agents approved by the Trustee to perform the functions of the Authorized Agent which has resigned or whose agency has been terminated or who shall have ceased to be eligible under this Section 4.13. The Issuer shall give written notice of any such appointment to all Holders pursuant to Section 1.6 hereof.

(g) The Paying Agent shall comply with all applicable withholding, information reporting and back-up withholding tax requirements under the Code and the Treasury regulations issued thereunder in respect of any payment on, or in respect of a Note.

SECTION 4.14 Trustee Risk. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur liability, financial or otherwise, in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it. Whether or not expressly provided herein, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to Section 4.2 hereof and, if there arc any Notes registered pursuant to the Securities Act, the requirements of the Trust Indenture Act.

SECTION 4.15 Rights of Authorized Agents. In acting as an Authorized Agent hereunder, the Trustee shall be entitled to the same rights, protections, indemnities and immunities as in its role as Trustee hereunder.

ARTICLE 5

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND ISSUER

SECTION 5.1 Issuer to Furnish Trustee Names and Addresses of Holders.

The Issuer will furnish or cause to be furnished to the Trustee

(1) semi-annually, not later than January 15 and July 15 in each year, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of Notes of each series as of a date not more than 15 days prior to the time such list is furnished, and

(2) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

excluding from any such list names and addresses received by the Trustee in its capacity as Security Registrar.

SECTION 5.2 Preservation of Information; Communications to Holders. The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 5.1 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee may destroy any list furnished to it as provided in Section 5.1 upon receipt of a new list so furnished.

The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Notes, and the corresponding rights and privileges of the Trustee, shall be as provided by the Trust Indenture Act.

Every Holder of Notes, by receiving and holding the same, agrees with the Issuer and the Trustee that neither the Issuer nor the Trustee nor any agent of cither of them shall be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

SECTION 5.3 Reports by Trustee. On or before March 15 in every year, so long as any Notes are Outstanding hereunder, the Trustee shall transmit to the Holders a brief report, dated as of the preceding December 31, to the extent required by Section 313(a) of the Trust Indenture Act in accordance with the procedures set forth in said Section. The Trustee shall also transmit to the Holders any report required by Section 313(b) during the time specified in such subsection. A copy of each such report at the time of its mailing to Holders shall be filed with the SEC and each stock exchange, if any, on which the Notes are listed. The Issuer shall promptly notify the Trustee in writing if the Notes become listed on any stock exchange, and the Trustee shall comply with Section 313(d) of the Trust Indenture Act.

SECTION 5.4 Reports by Issuer. The Issuer shall file with the Trustee and the SEC, and transmit to Holders, such information, documents and other reports, and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act; *provided* that any such information, documents or reports required to be filed with the SEC pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 15 days after the same is so required to be filed with the SEC.

ARTICLE 6

COVENANTS; DEFAULTS, REMEDIES

SECTION 6.1 Affirmative Covenants of the Issuer. The Issuer covenants and agrees for the benefit of the Holders that, for so long as any Note is outstanding, it shall observe the following affirmative covenants:

(a) Maintenance of Existence, etc. The Issuer shall at all times (i) preserve and maintain in full force and effect its existence as a limited partnership under the laws of the State of Delaware and its qualification to do business in each other jurisdiction in which the conduct of its business requires such qualification except where the failure so to qualify could not reasonably be expected to have a Material Adverse Effect, (ii) preserve and maintain all of its rights, privileges and franchises necessary for the construction, ownership and operation of the Pipeline in accordance with the Primary Agreements, except to the extent that failure so to preserve or maintain would not result in a Material Adverse Effect, and (iii) comply in all respects with the provisions of the Primary Agreements, except to the extent that failure to comply would not result in a

Material Adverse Effect. The Issuer shall not amend its organizational documents in any manner that could reasonably be expected to have a Material Adverse Effect.

(b) Books and Records. The Issuer shall keep proper books of records and accounts in which full, true and correct entries shall be made of all of its transactions in accordance with U.S. GAAP and RAP and agrees that the Trustee may inspect such books of records and accounts from time to time upon reasonable notice.

(c) Enforcement of Primary Agreements. The Issuer shall enforce all of its rights under, perform all actions required of it to comply with its obligations under, and maintain in full force and effect, the Primary Agreements, unless the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(d) Financial Statements, The Issuer shall furnish to the Trustee:

(i) as soon as available, but in any event within 90 days after the end of each fiscal year of the Issuer, the consolidated balance sheet of the Issuer as at the end of such year and the related consolidated statement of income, Partners' equity and cash flows for such year, prepared in accordance with U.S. GAAP and audited by independent certified public accountants of recognized standing in the United States of America and setting forth in each case in comparative form the figures for the previous year; and

(ii) as soon as available, but in any event within 45 days after the end of the first three quarterly periods of each fiscal year of the Issuer, (A) the unaudited consolidated balance sheet of the Issuer as at the end of each such quarter and the related unaudited consolidated statement of income, Partners' equity and cash flows for such quarter and the portion of the fiscal year through the end of each such quarter, prepared in accordance with U.S. GAAP setting forth in comparative form the figures for the previous year and certified by the chief financial officer of the Issuer as being fairly stated in all material respects (subject to normal year-end audit adjustments).

(e) Notices. Promptly upon obtaining knowledge thereof, the Issuer shall give notice to the Trustee of any Default or Event of Default, together with a description of any action being taken or proposed to be taken with respect thereto.

(f) Other Information. The Issuer shall furnish to the Trustee:

(A) within 90 days after the end of each fiscal year of the Issuer ending after the date hereof, an Officer's Certificate, stating whether or not to the best knowledge of the signers thereof the Issuer is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Issuer shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge; and

(B) concurrently with the delivery of the financial statements referred to in subsection 6.1(d)(i), the Issuer shall calculate and deliver to the Trustee the Debt Service Coverage Ratio for the calendar year (or portion thereof) most recently ended and the Projected Debt Service Coverage Ratio for the next succeeding calendar year along with reasonable details of such calculations.

(g) Maintenance of Rating. The Issuer shall furnish to each Required Rating Agency then rating the Notes the information referred to in Section 6.1(d) and 6.1(f) above, together with such other information as such Required Rating Agency may reasonably request in order to enable such Required Rating Agency to continue to rate the Notes.

(h) Maintenance of Properties. The Issuer will cause the Pipeline to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Issuer may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times.

(i) Maintenance of Insurance. The Issuer will provide or cause to be provided, for itself, insurance (including appropriate self-insurance) against loss or damage of the kinds customarily insured against by companies similarly situated and owning like properties, including, but not limited to, products liability insurance and public liability insurance, with reputable insurers or with the government of the United States of America, or an agency or instrumentality thereof, in such amounts, with such deductibles and by such methods as shall be customary for companies similarly situated in the industry in which the Issuer is then conducting business.

(j) SEC Reports and Reports to Holders. At all times from and after the earlier of (i) the date of the commencement of an Exchange Offer or the effectiveness of the Shelf Registration Statement (the "Registration") and (ii) the date that is six months after the Initial Closing Date, in either case, whether or not the Issuer is then required to file reports with the SEC, the Issuer shall file with the SEC all such reports and other information as it would be required to file with the SEC by Sections 13(a) or 15(d) under the Securities Exchange Act of 1934 if it were subject thereto and as if it was a United States issuer. The Issuer shall supply the Trustee and each Holder or shall supply to the Trustee for forwarding to each such Holder together with written direction to forward such reports to the Holders, without cost to such Holder, copies of such reports and other information. In addition, at all times prior to the earlier of the date of the Registration and the date that is six months after the Initial Closing Date, the Issuer shall, at its cost, deliver to each Holder of the Notes, quarterly and annual reports substantially equivalent to those which would be required by the Exchange Act. In addition, at all times prior to the Registration, upon the request of any Holder or any prospective purchaser of the Notes designated by a Holder, the Issuer shall supply to such Holder or such prospective purchaser the information required under Rule 144A under the Securities Act.

(k) Payment of Taxes and Other Claims. The Issuer will pay or discharge and shall cause each of its Subsidiaries to pay or discharge, or cause to be paid or discharged, before the same shall become delinquent (i) all material taxes, assessments and governmental charges levied or imposed upon (a) the Issuer or any such Subsidiary, (b) the income or profits of any such Subsidiary which is a corporation or (c) the property of the Issuer or any such Subsidiary and (ii) all material lawful claims for labor, materials and supplies that, if unpaid, might by law become a lien upon the property of the Issuer or any such Subsidiary; *provided* that the Issuer shall not be required to pay or discharge, or cause to be paid or discharged, any such tax, assessment, charge or claim the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves have been established.

(1) Maintenance of all Rights to all Pipeline Related Property. The Issuer shall maintain all rights to all Pipeline related Property unless the failure to do so will not have a Material Adverse Effect.

(m) Restrictions on the Establishment of Subsidiaries. The Issuer shall have no Subsidiaries except for Subsidiaries which are limited to the lines of business set forth below in Section 6.2(h) hereof. The Issuer shall not permit its Subsidiaries to Incur Indebtedness except for Nonrecourse Indebtedness and Indebtedness which is guaranteed by the Issuer; *provided* that the Issuer is permitted to Incur such Indebtedness in accordance with Section 6.2(d).

(n) Payment of Notes. The Issuer shall pay the principal of, premium, if any, and interest on the Notes on the dates and in the manner provided in the Notes and in this Indenture. An installment of principal, premium, if any, or interest shall be considered paid on the date due if the Trustee or Paying Agent (other than the Issuer or any Affiliate of the Issuer) holds on that date money designated for and sufficient to pay the installment. If the Issuer or any Affiliate of the Issuer acts as Paying Agent, an installment of principal, premium, if any, or interest shall be considered paid on the due date. Upon any bankruptcy or reorganization procedure relative to the Issuer, the Trustee shall serve as the Paying Agent, if any, for the Notes.

The Issuer shall pay interest on overdue principal and premium, if any, and interest on overdue installments of interest, to the extent lawful, at the rate per annum of 2% above the interest rate on the respective Notes.

(o) Use of Proceeds. The Issuer shall apply the net proceeds from the issuance and sale of any series of Notes as set forth in the offering memorandum, offering circular or other offering document relating to such series of Notes under the caption “Use of Proceeds.”

(p) Compliance with Laws and Regulations. The Issuer shall, and shall cause its Subsidiaries to, comply with all laws, ordinances, government rules, regulations or court decrees to which its property or assets may be subject, except where failure to comply would not result in a Material Adverse Effect.

(q) Permits; Approvals, The Issuer shall, and shall cause its Subsidiaries to, possess all licenses, certificates, authorizations and permits issued by federal, state or foreign regulatory bodies which are necessary or desirable for the ownership of their respective properties or the conduct of their respective businesses as so conducted, except where failure to possess such licenses, certificates, authorization or permits would not have a Material Adverse Effect.

(r) Working Capital Facility. The Issuer shall maintain a working capital facility in the amount of at least $10,000,000 with a Working Capital Lender. The Issuer shall repay all amounts borrowed under the facility on at least one occasion in each year.

SECTION 6.2 Negative Covenants of the Issuer. The Issuer covenants and agrees for the benefit of the Holders that for so long as any Note is outstanding, it shall observe the following negative covenants:

(a) Limitations on Asset Sales.

The Issuer will not consummate any Asset Sale, unless (i) the consideration received by the Issuer is at least equal to the Fair Market Value of the assets sold or disposed of and (ii) at least 90% of the consideration received consists of cash or Temporary Cash Investments or the assumption of Indebtedness of the Issuer (other than Indebtedness to any Subsidiary), provided that the Issuer is irrevocably and unconditionally released from all liability under such Indebtedness.

In the event and to the extent that the Issuer receives Net Cash Proceeds from one or more Asset Sales occurring on or after the Initial Closing Date the Issuer shall within six months after the receipt of such Net Cash Proceeds:

(A) apply an amount equal to the Pro Rata Portion of such Net Cash Proceeds to consummate an Offer to Purchase Notes owing to a Person other than the Issuer or any of its Subsidiaries at a purchase price equal to 100% of the principal amount thereof plus accrued interest (if any) to the Payment Date; or

(B) invest an equal amount or enter into a definitive agreement committing to so invest within 12 months after the date of such agreement, in Property (other than current assets) of a business or businesses meeting the requirements set forth in Section 6.2(h) hereof.

(b) Limitations on Actions with Respect to Primary Agreements. The Issuer will not agree or consent to any termination, modification, supplement or waiver of any Primary Agreement, nor shall the Issuer initiate any change to the tariff, if the Issuer reasonably determines that such termination, modification, supplement or waiver of any such Primary Agreement or change to the tariff would individually or collectively with all other such terminations, modifications, supplements and waivers of the Primary Agreement and changes to the tariff, reasonably be expected to have a Material Adverse Effect.

(c) Limitations on Liens. The Issuer will not and will cause its Subsidiaries not to create, incur, assume or suffer to exist any Lien upon any of the Issuer’s Property, whether now owned or hereafter acquired other than:

(i) a Lien that equally and ratably secures all of the Senior Debt;

(ii) a Lien that is created in favor of a governmental entity, mechanic, materialman or lessor in the ordinary course of business and payment of which is not overdue for a period of more than 30 days, but not in any event Liens in favor of a lessor in a sale-leaseback transaction;

(iii) a Lien that is the result of a court judgment as to which all rights of appeal have not terminated and is bonded or pledged or enforcement of which will not have a Material Adverse Effect on the Issuer;

(iv) a Lien that extends, renews or replaces in whole or in part a Lien referred to herein (other than any additional Lien described in clause (viii) below);

(v) a Lien that secures pledges or deposits under worker's compensation, unemployment insurance and other social security legislation;

(vi) a Lien that consists of easements, rights-of-way or other similar encumbrances which do not interfere with the business or operations of the Issuer;

(vii) a Lien granted by a Subsidiary upon any of such Subsidiary's assets to secure Non-Recourse Indebtedness; and

(viii) any additional Lien; *provided* that the Indebtedness secured by such Lien, plus all other Indebtedness secured by Liens (including Indebtedness for Capitalized Lease Obligations but excluding Indebtedness secured by Liens otherwise permitted by clauses (i) through (vii) above), plus all leases under sale-leaseback transactions which the Issuer has not elected to treat as an Asset Sale, docs not exceed 3% of Total Capitalization of the Issuer.

(d) Limitations on Indebtedness, The Issuer will not Incur additional Indebtedness unless

(i) there shall be No Ratings Downgrade as a result of such Incurrence;

(ii) immediately after giving effect to such Incurrence, the ratio of Indebtedness of the Issuer (excluding Affiliate Subordinated Debt) to Total Capitalization does not exceed 75%; and

(iii) no Default or Event or Default shall have occurred and be continuing at the time of such Incurrence, and no Default or Event of Default shall result from such Incurrence;

provided, however, that notwithstanding these restrictions the Issuer may Incur additional Indebtedness consisting of:

(1) Indebtedness outstanding at any time in accordance with the terms of the Loan Agreement (other than Revolving Credit Loans (as defined in the Loan Agreement)), provided that any amendment to such Loan Agreement which increases the amount or alters the tenor or average life of Indebtedness outstanding by more than one year must satisfy the requirements of clauses (i), (ii) and (iii) above;

(2) Indebtedness Incurred for any expenditure required by law; *provided* that at the time such Indebtedness is Incurred the Issuer satisfies the requirement set forth under clause (ii) above;

(3) Indebtedness (A) in respect of performance, surety or appeal bonds provided in the ordinary course of business, (B) under Currency Agreements and Interest Rate Agreements; *provided* that such agreements (a) are designed solely to protect the Issuer against fluctuations in foreign currency exchange rates or interest rates and are not for speculative purposes and (b) do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in foreign currency exchange rates or interest rates or by reason of fees, indemnities and compensation payable thereunder; and (C) arising from agreements providing for customary indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligations of the Issuer pursuant to such agreements, in any case Incurred in connection with the disposition of any business or assets (other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business or assets for the purpose of financing such acquisition), in a principal amount not to exceed the gross proceeds actually received by the Issuer in connection with such disposition;

(4) Indebtedness of the Issuer, to the extent the net proceeds thereof are promptly deposited to defease the Notes as described in Section 10.1;

(5) Affiliate Subordinated Debt;

(6) Indebtedness of the Issuer Incurred to refinance Indebtedness existing from time to time, provided such Indebtedness is in a principal amount no greater than the Indebtedness being repaid (excluding fees, including any consent fees, payable in connection with the issuance of any refinancing Indebtedness), has a longer final maturity and greater average life than the Indebtedness being repaid and, except in the case of Indebtedness Incurred to refinance a series of Notes under this Indenture, satisfies the requirement set forth under clause (i) above;

(7) Indebtedness of $10 million Incurred from time to time under any working capital facility permitted pursuant to Section 6.1(r) hereof; and

(8) Indebtedness of the Issuer (in addition to Indebtedness permitted under clauses (1) through (7) above) in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed $35,000,000, provided that at the time such Indebtedness is Incurred the Issuer satisfies the requirement set forth under clauses (ii) and (iii) above.

Notwithstanding any other provision of this Section 6.2(d), the maximum amount of Indebtedness that the Issuer may Incur pursuant to this Section 6.2(d) shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, due solely to the result of fluctuations in interest rates designated in any Interest Rate Agreement or the exchange rates of currencies.

For purposes of determining any particular amount of Indebtedness under this Section 6.2(d), (1) Indebtedness Incurred under the Loan Agreement on or prior to the Initial Closing Date shall be treated as Incurred pursuant to clause (1) of the second paragraph of this Section 6.2(d), and (2) guarantees, Liens or obligations with respect to letters of credit supporting Indebtedness otherwise included in the determination of such particular amount shall not be included. For purposes of clarification and not limitation, any Lien incurred by the Issuer or any Subsidiary of the Issuer shall not be a separate Incurrence of Indebtedness. For purposes of determining compliance with this Section 6.2(d), in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described in the above clauses, the Issuer, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness and shall only be required to include the amount and type of such Indebtedness in one of such clauses; *provided however,* that the Issuer may only reclassify Affiliate Subordinated Debt if, at the time of such reclassification, the Issuer would be permitted to make a Distribution in the amount of such reclassified Affiliate Subordinated Debt pursuant to Section 6.2(e).

(e) Limitations on Distributions. The Issuer will not declare or make any Distribution at any time unless: (i) no Default or Event of Default shall have occurred and be continuing, or would occur as a result of declaring or making such Distribution, (ii) the ratio of Indebtedness to Total Capitalization after giving effect to such intended Distribution does not exceed 75%, (iii) (A) the Debt Service Coverage Ratio of the Issuer for the last four calendar quarters taken as a whole prior to the date of such intended Distribution is at least 1.25 to 1 and (B) if the then current rating of the Notes is below BBB+ from S&P or below A3 from Moody's, the Projected Debt Service Coverage Ratio of the Issuer for the next four calendar quarters from such date of Distribution is expected to be at least 1.25 to 1, both as certified by the Issuer in an Officer's Certificate delivered to a Responsible Officer of the Trustee *provided* that this Section 6.2(e)(iii)(B) shall not apply in the case of any Distribution made in the twelve months prior to the Final Maturity Date of Non-Amortizing Notes if, after making such Distribution, the cash on hand of the Issuer and the expected Operating Cash Flow for the period commencing on the date of such Distribution and ending on the Final Maturity Date of such Non-Amortizing Notes will be sufficient to enable the Issuer to make the Debt Service Payment due on such Final Maturity Date as certified by the Issuer in an Officer's Certificate delivered to a Responsible Officer of the Trustee and (iv) after making such

Distribution, the cash on hand of the Issuer, the expected Operating Cash Flow for the period commencing on the date of such Distribution and ending on the next scheduled Debt Service Payment Date (excluding cash on hand and expected Operating Cash Flow, if any, relied on in connection with satisfying the requirements of the proviso to Section 6.2(e)(iii)(B)) and amounts available under the working capital facility described in Section 6.1(r) to the next scheduled Debt Service Payment Date will be sufficient to enable the Issuer to make all of the payments of Senior Debt principal and interest falling due between the date of such Distribution and such Debt Service Payment Date, including the Debt Service Payment due on such date, excluding any principal and interest due on the Final Maturity Date of Non-Amortizing Notes, the payment of which will be satisfied by expected Operating Cash Flow and cash on hand pursuant to the proviso to Section 6.2(e)(iii)(B), as certified by the Issuer in an Officer's Certificate delivered to a Responsible Officer of the Trustee.

(f) Existence/Prohibition on Fundamental Changes. The Issuer will not consolidate with or merge into, or convey, transfer or lease all or substantially all of its assets to, any Person, unless (i) the Issuer is the continuing Person in any such merger or consolidation or the Person (if other than the Issuer) which is the continuing Person in any such merger or consolidation or which acquires all or substantially all of the assets of the Issuer is a corporation, partnership or trust organized under the laws of the United States or any State or the District of Columbia and expressly assumes the Issuer's obligations under the Notes and the Indenture, (ii) immediately after such transaction, the Issuer or such other Person, as the case may be, is not in default in the performance of any covenants or conditions contained in the Indenture or Notes and (iii) there shall be No Ratings Downgrade as a result of such transaction.

(g) Limitation on Sale-Leaseback Transactions. The Issuer will not enter into any sale-leaseback transaction involving any of its Properties whether now owned or hereafter acquired, whereby the Issuer sells or transfers such Properties and then or thereafter leases such Properties or any part thereof or any other Properties which the Issuers intends to use for substantially the same purpose or purposes as the Properties sold or transferred.

The foregoing restriction does not apply to any sale-leaseback transaction if (i) the lease secures or relates to industrial revenue or pollution control bonds issued in compliance with Section 6.2(d); (ii) the sale-leaseback transaction is in compliance with clause (viii) of Section 6.2(c); or (iii) the Issuer within 6 months after the sale or transfer any assets or properties is completed, applies an amount not less than the net proceeds received from such sale in accordance with clause (A) or (B) of the second paragraph of Section 6.2(a).

(h) Limitation on Lines of Business and Investments. The Issuer shall not, and shall not permit its Subsidiaries to, engage or invest in any business or activity other than:

(i) the business contemplated by the Transaction Agreements and the Offering Memorandum dated May 22, 2000 relating to the Notes issued on the Initial Closing Date;

(ii) activities associated with, or incidental to, the operation, maintenance or expansion of the Pipeline or the storage of natural gas;

(iii) activities associated with, or incidental to, (w) the processing or shipping of natural gas, (x) the processing, shipping or storage of natural gas liquids, (y) the installation, and leasing or rental, of fiber optic or similar cable or (z) the construction or operation of facilities for the generation of electricity using waste heat from the Pipeline, in all such cases related to the operation of the Pipeline; or

(iv) activities (including investments) associated with, or intended to induce, the supply of gas for transportation on the Pipeline or the consumption of gas transported by the Pipeline

provided that in no circumstance shall the Issuer engage or invest in, or permit its Subsidiaries to engage or invest in, (A) any business or activity related to the exploration and production of hydrocarbons or (B) any business or activity described in Sections (iii) or (iv) above that would cause the Consolidated Net Tangible Assets of the Issuer and its Subsidiaries attributable to all their businesses and investments described in Sections (iii) and (iv) above to exceed 10%

of the amount of the Consolidated Net Tangible Assets of the Issuer and its Subsidiaries attributable to all their businesses and investments described in Sections (i) and (ii) above.

(i) Limitation on Investments. The Issuer will not directly or indirectly, make any Investment, other than Permitted Investments and Investments made with amounts from which the Issuer may otherwise have made Distributions in accordance with Section 6.2(e).

(j) Limitation on Transactions with Affiliates. Except as contemplated by any agreement between the Issuer and an Affiliate of the Issuer, a Partner or an Affiliate of a Partner in existence on the date hereof and any successor thereto, if at any time hereafter the Issuer proposes to enter into or become a party to any material agreement or arrangement with an Affiliate of the Issuer, a Partner or an Affiliate of a Partner, the Issuer will not enter into or become a party to any such agreement or arrangement unless such agreement or arrangement shall be on terms no more favorable to the Affiliate of the Issuer, the Partner or Affiliate of the Partner, as the case may be, than those that would be offered to parties that are not Affiliates of the Issuer, Partners or Affiliates of Partners.

(k) Abandonment. The Issuer will not voluntarily abandon the Pipeline or otherwise cease to pursue operations of the Pipeline for a period of more than 180 days.

SECTION 6.3 Events of Default. It shall be an Event of Default hereunder for so long as any Note is Outstanding if any of the following events shall have occurred and be continuing:

(a) the Issuer shall fail to pay any principal, premium, if any, interest or Liquidated Damages, if any, on any Note when the same becomes due and payable,

whether at Stated Maturity or required prepayment or acceleration or otherwise and such failure to pay continues for a period of 5 days; or

(b) the Issuer shall fail to perform or observe any covenant set forth in Section 6.2(c), Section 6.2(e) or Section 6.2(f); or

(c) the Issuer shall fail to perform or observe any of its obligations or covenants (other than covenants described in (b) above) contained in this Indenture (or in any modification or supplement hereto), and such failure has resulted in a Material Adverse Effect and such failure shall continue uncured for 30 or more days; or

(d) any representation, warranty or certification in this Indenture by the Issuer or in any certificate furnished to the Trustee pursuant to the provisions of the Indenture shall prove to have been false as of the time made or furnished in any material respect and such misrepresentation has resulted in a Material Adverse Effect and shall continue uncured for 30 or more days; or

(e) the Issuer shall default in the payment when due (after any applicable grace period) of any principal of or interest on any of its other Indebtedness aggregating $10,000,000 or more; or any event specified in any note, agreement, indenture or other document evidencing or relating to any such Indebtedness shall occur if the effect of such event is to cause, or (with the giving of any notice or the lapse of time or both) to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, such Indebtedness to become due, or to be prepaid in full (whether by redemption, purchase, offer to purchase or otherwise), prior to its stated maturity and such event is not cured or waived pursuant to the terms of such Indebtedness or such Indebtedness is accelerated prior to the end of any related cure period; or

(f) a court having jurisdiction in the premises enters a decree or order for (i) relief in respect of the Issuer or any Significant Subsidiary in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any Significant Subsidiary or for all or substantially all of the Property of the Issuer or a Significant Subsidiary or (iii) the winding up or liquidation of the affairs of the Issuer or any Significant Subsidiary and, in each case, such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(g) the Issuer or any Significant Subsidiary (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any Significant Subsidiary or for all or substantially all of the Property of the Issuer or any Significant Subsidiary or (iii) effects any general assignment for the benefit of creditors; or

(h) a final judgment or judgments for the payment of money in excess of $10,000,000 in the aggregate shall be rendered by one or more courts, administrative tribunals or other bodies having jurisdiction over the Issuer and the same shall not be discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within 60 days from the date of entry thereof and the Issuer shall not, within said period of 60 days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(i) (i) the Issuer shall file with FERC for the abandonment of the Pipeline, (ii) FERC shall issue a final, non-appealable order for the abandonment of the Pipeline or (iii) the Issuer shall otherwise abandon the Pipeline; or

(j) any other Event of Default provided in a Series Supplemental Indenture or provided in a Management Committee Resolution under which a series of Notes is issued.

Any Partner shall have the right, but not the obligation, to cure any payment default in paragraphs (a), (e), or (h) above within the respective grace period set forth in such paragraphs, and, if such payment default is cured, such payment default shall not constitute an Event of Default under the Indenture.

If an Event of Default (other than an Event of Default described in paragraph (f) or (g) above) occurs, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Notes of each series experiencing such Event of Default may declare the unpaid principal amount (including any premium) of all the Notes to be due and payable immediately, by a notice in writing to the Issuer (and to the Trustee, if given by Holders), and upon any such declaration such principal amount (and premium) shall become immediately due and payable. Upon the occurrence and continuation of an Event of Default described in paragraph (f) or (g) above, the principal amount of all the Notes (including any premium) shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable.

If an Event of Default occurs and is continuing and is actually known to a Responsible Officer of the Trustee, the Trustee shall mail to each Holder notice of the Event of Default promptly after the occurrence thereof. Except in the case of an Event of Default in payment of principal of or interest on any Note, the Trustee may withhold notice to the Holders if the Trustee in good faith determines that withholding notice is in the interest of Holders.

At any time after such a declaration of acceleration with respect to the Notes has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as provided in this Indenture, the Holders of a majority in principal amount of the Outstanding Notes of each series experiencing such Event of Default, by written notice to the Issuer and the Trustee, may rescind and annul such

declaration and its consequences (which rescission shall not affect any subsequent default or impair any right consequent thereon) if:

(a) there has been paid to, or deposited with, the Trustee a sum sufficient to pay

(i) all overdue interest on the Notes of each series experiencing such Event of Default,

(ii) the principal of (and premium, if any, on) any Notes which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in the Notes,

(iii) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in the Notes, and

(iv) all sums paid or advanced by the Trustee under this Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(b) all Events of Default with respect to the Notes, other than the non-payment of the principal of the Notes which have become due solely by such declaration of acceleration, have been cured or waived by the Holders of not less than a majority in principal amount of Outstanding Notes of each series experiencing such Event of Default.

SECTION 6.4 Collection of Indebtedness by Trustee; Trustee May Prove Debt. In case the Issuer shall default in its obligations under Section 6.3(a) to pay the principal of, or the premium, if any, or interest on, each of the Notes, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Issuer or other obligor upon such Notes and collect in the manner provided by law out of the Property of the Issuer or other obligor upon such Notes, wherever situated, the moneys adjudged or decreed to be payable.

All rights of action and of asserting claims under this Indenture or under any of the Notes may be enforced by the Trustee without the possession of any of the Notes or the production thereof on any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders of the Notes in respect of which such action was taken.

In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall

be a party), the Trustee shall be held to represent all the Holders of the Notes in respect to which such action was taken, and it shall not be necessary to make any Holders of such Notes parties to any such proceedings.

SECTION 6.5 Application of Proceeds. Any moneys collected by the Trustee pursuant to this Article in respect of any Notes shall be applied in the following order at the date or dates fixed by the Trustee and, in case of the distribution of such moneys on account of principal, upon presentation of the several Notes in respect of which moneys have been collected and stamping (or otherwise noting) thereon the payment, or issuing Notes in reduced principal amounts in exchange for the presented Notes if only partially paid, or upon surrender thereof if fully paid:

FIRST: To the payment of costs and expenses applicable to such Notes in respect of which moneys have been collected, including all expenses and liabilities incurred (except as a result of gross negligence or bad faith), and all advances made, by the Trustee and each predecessor Trustee, as provided in Section 4.6 hereof, and all other amounts due to the Trustee or any predecessor Trustee pursuant to Section 4.6 hereof;

SECOND: In case the principal of the Notes in respect of which moneys have been collected shall not have become and be then due and payable, to the payment of overdue interest on such Notes in default in the order of the maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the rate or rates of interest specified in such Notes, such payments to be made ratably to the Persons entitled thereto, without discrimination or preference;

THIRD: In case the principal of the Notes in respect of which moneys have been collected shall have become and shall be than due and payable, to the payment of the whole amount then owing and unpaid upon all such Notes for principal, premium due, if any, and interest, with interest upon the overdue principal, and (to the extent that such interest has been collected by the Trustee) upon overdue installments of interest at the rate or rates of interest specified in such Notes; and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon such Notes, then to the payment of such principal and interest, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and accrued and unpaid interest; and

FOURTH: To the payment of the remainder, if any, to the Issuer or any other Person lawfully entitled thereto.

SECTION 6.6 Suits for Enforcement. In case an Event of Default has occurred, has not been waived and is continuing, the Trustee may in its discretion (but is not required to) proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this

Indenture or in aid of the exercise of any power granted in this Indenture or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

SECTION 6.7 Restoration of Rights on Abandonment of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Issuer and the Trustee shall be restored respectively to their former positions and rights hereunder, and all rights, remedies and powers of the Issuer, the Trustee and the Holders shall continue as though no such proceedings had been taken.

SECTION 6.8 Limitations on Suits by Holders. Subject to Section *6.6* hereof, no Holder of any Note shall have any right by virtue or by availing itself of any provision of this Indenture or of the Notes to institute any action or proceeding at law or in equity or in bankruptcy or otherwise upon or under or with respect to this Indenture, or for the appointment of a trustee, receiver, liquidator, custodian or other similar official or for any other remedy hereunder or under the Notes, unless such Holder previously shall have given to the Trustee written notice of default and of the continuance thereof, as hereinbefore provided, and unless also the Holders of not less than a majority in aggregate principal amount of the Outstanding Notes of each series affected by such Event of Default shall have made written request upon the Trustee to institute such action or proceedings in its own name as trustee hereunder and shall have offered to the Trustee such indemnity satisfactory to it as it may require against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such action or proceeding and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 6.9, it being understood and intended, and being expressly covenanted by the taker and Holder of every Note with every other taker and Holder and the Trustee, that no one or more Holders of Notes shall have any right in any manner whatever by virtue or by availing itself of any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder of Notes, or to obtain or seek to obtain priority over or preference to any other Holder or to enforce any right under this Indenture or under the Notes, except in the manner herein provided and for the equal, ratable and common benefit of all Holders of Notes. For the protection and enforcement of the provisions of this Section, each and every Holder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

SECTION 6.9 Powers and Remedies Cumulative; Delay or Omission Not Waiver of Default. Except as provided in Section 6.6 and 6.7 hereof, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive or any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

No delay or omission of the Trustee or of any Holder to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and, subject to Section 6.6 hereof and Section 6.7 hereof, every power and remedy given by this Indenture or by law to the Trustee or to the Holders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Holders.

SECTION 6.10 Control by Holders. The Holders of a majority in principal amount of the Outstanding Notes of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Notes of such series, provided that: (i) such direction shall not be in conflict with any rule of law or with this Indenture and would not involve the Trustee personal liability and (ii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 6.11 Actions of the Holders.

(a) Actions by Vote of Holders. No request, demand, authorization, direction, notice, consent, waiver or other action (each, an "Action") of the Holders of any series of Notes in respect of any matter hereunder shall be effective unless approved by the Holders of a majority of the aggregate principal amount of the Outstanding Notes of such series (or of such lesser percentage as may act at a meeting of Holders); *provided, however,* that no such Action shall, without the consent of the Holders of each Outstanding Note of such series:

(i) change the Stated Maturity of any Note or, the Stated Maturity of any installment of any Note, or of any payment of interest thereon, or the dates or circumstances of payment of premium, if any, on, any Note, or change the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the place of payment where, or the coin or currency in which, any Note or the premium, if any, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment of principal or interest on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Determination Date) or such payment of premium, if any, on or after the date such premium becomes due and payable, or change the Determination Date or the terms of payment or redemption; or

(ii) reduce the percentage in principal amount of the Outstanding Notes, the consent of whose Holders is required under any supplemental indenture relating to such series, or the consent of whose Holders is required for any waiver provided for in this Indenture; or

(iii) amend or modify any of the provisions of Sections 6.11 and 6.12 or Article 9 hereof.

(b) Waiver of Defaults. The Holders of a majority of the aggregate principal amount of the Outstanding Notes of any series (or of such lesser percentage as may act at a meeting of Holders) may on behalf of the Holders of all the Outstanding Notes of such series waive any past Default or Event of Default with respect to the Notes by written notice to the Trustee, except a default in respect of a covenant or provision hereof that cannot be modified or amended without the consent of each Holder affected as provided in Section 6.11 or 9.2 hereof. In case of any such waiver, the Issuer, the Trustee and the Holders of the Notes shall be restored to their former positions and rights hereunder, respectively.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured, and not to have occurred for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

(c) Evidence of Action. Upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of the requisite percentage of principal amount of Outstanding Notes, and upon receipt by the Trustee of the documents described in Section 7.1 hereof, the Trustee shall join with the Issuer in the performance of such Action. It shall not be necessary for the consent of the Holders under this Section 6.11 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an Action under this Section becomes effective, the Trustee shall mail to the Holders a notice briefly describing such Action. Any failure of the Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Action.

SECTION 6.12 Unconditional Right of Holders to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Note shall have the right, which is absolute and unconditional, to receive payment of the principal of and any premium and (subject to Section 2.7) interest on such Note on the respective Stated Maturities expressed in such Note (or, in the case of redemption, on the Determination Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 6.13 Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Note by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit other than the Trustee of an undertaking to pay the costs of such suit and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder or group of

Holders holding in aggregate more than 10% in principal amount of Outstanding Notes, or any suit instituted by a Holder for enforcement of payment of the principal of, or premium, if any, or interest on, any Note on or after the date such amount is required to be paid.

SECTION 6.14 Payments after a Default. Upon the occurrence of an Event of Default with respect to the Notes of any series and the subsequent declaration by the Trustee that the principal amount of all the Notes of such series is due and payable immediately, the Trustee shall by notice in writing: (a) to the Issuer and any Paying Agent, require the Paying Agent to deliver all such Notes and all moneys, documents and records held by them with respect to the Notes of such series to the Trustee or as the Trustee otherwise directs in such notice; and (b) require any Paying Agent to act as agent of the Trustee under this Indenture and the Notes, and thereafter to hold all Notes and all moneys, documents and records held by it in respect to such Notes to the order of the Trustee.

SECTION 6.15 Trustee May File Proofs of Claim. In case of any judicial proceeding relative to the Issuer (or any other obligor upon the Notes), its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Act in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 4.6.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any proceeding; *provided, however,* that the Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

ARTICLE 7

CONCERNING THE HOLDERS

SECTION 7.1 Evidence of Action Taken by Holders. Whenever in this Indenture it is provided that the Holders of a specified percentage or a majority in aggregate principal amount of the Notes of any series may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the making of any other action), the fact that at the time of taking any such action the Holders

of such specified percentage or majority have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Holders in person or by agent or proxy appointed in writing, (b) by the record of the Holders of Notes voting in favor thereof at any meeting of Holders duly called and held in accordance with the provisions of Article 8 hereof or (c) by a combination of such instrument or instruments and any such record of such a meeting of Holders, and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments and/or such record are delivered to the Trustee and, where expressly required, to the Issuer.

SECTION 7.2 Proof of Execution of Instruments and of Holding of Notes. Subject to the provisions of Sections 7.1 and 8.5 hereof and Section 315 of the Trust Indenture Act, proof of the execution of any instrument by a Holder or its agent or proxy and proof of the holding by any person of any of the Notes shall be sufficient if made in the following manner:

The fact and date of the execution by any such person of any instrument may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in any State within the United States that the person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument may also be proved in any other manner which the Trustee may deem sufficient. The ownership of Notes may be proved by the Security Register or by a certificate of the Security Registrar.

If the Issuer shall solicit from the Holders of Notes of any series any request, demand, authorization, direction notice, consent, waiver or other act, the Issuer may, at its option, by Management Committee Resolution, fix in advance a record date for the determination of Holders of Notes entitled to give such request, demand, authorization, direction, notice, consent, waiver or other act, but the Issuer shall have no obligation to do so. Any such record date shall be fixed at the Issuer's discretion. If such a record date is fixed, such request, demand, authorization, direction, notice, consent and waiver or other act may be sought or given before or after the record date, but only the Holders of Notes of record at the close of business on such record date shall be deemed to be the Holders of Notes for the purpose of determining whether Holders of the requisite proportion of Notes Outstanding have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other act, and for that purpose the Notes Outstanding shall be computed as of such record date.

The Trustee may require such additional proof, if any, of any matter referred to in this Section 7.2 as it shall deem necessary.

The record of any Holders' meeting shall be proved as provided in Section 8.6 hereof.

SECTION 7.3 Notes Owned by Issuer Deemed Not Outstanding. In determining whether the Holders of the requisite aggregate principal amount of Notes have concurred in any request, demand, authorization, direction, notice, consent and waiver or other act under this Indenture, Notes which are owned by the Issuer or any Partner or any Affiliate of either thereof shall be disregarded and deemed not to be Outstanding for the purpose of any such determination except that for the purposes of determining whether the Trustee shall be protected in conclusively relying on any such request, demand, authorization, notice, direction, consent or waiver, only Notes which a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded. The Issuer shall furnish a Responsible Officer of the Trustee, upon its request, with a list of such Partners and Affiliates of the Issuer and such Partners. Notes so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 7.3 if the pledgee shall establish to the satisfaction of the Trustee that the pledgee has the right to vote such Notes and that the pledges is not an Affiliate or Partner of the Issuer. In case of a dispute as to such right, any decision by the Trustee, taken upon the advice of counsel, shall be full protection to the Trustee.

SECTION 7.4 Right of Revocation of Action Taken. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 6.11 hereof, of the taking of any action by the Holders of the percentage in aggregate principal amount of the Notes or of any series of Notes specified in this Indenture in connection with such action, any Holder of a Note the serial number of which is shown by the evidence to be included in the Notes the Holders of which have consented to such action may, by filing written notice with the Trustee at its Corporate Trust Office and upon proof of holding as provided in Section 7.2 hereof, revoke such action so far as concerns such Note. Except as aforesaid, any such action taken by the Holder of any Note shall be conclusive and binding upon such Holder and upon all future holders and owners of such Note, and of any Note issued in exchange therefor or in place thereof, irrespective of whether or not any notation in regard thereto is made upon such Note or any Note issued in exchange therefor or in place thereof. Any action taken by the Holders of the percentage in aggregate principal amount of the Notes specified in this Indenture in connection with such action shall be conclusively binding upon the Issuer, the Trustee and the Holders of all the Notes.

ARTICLE 8

HOLDERS' MEETINGS

SECTION 8.1 Purposes for Which Holders' Meetings May Be Called. A meeting of Holders of any series of Notes may be called at any time and from time to time pursuant to this Article 8 for any of the following purposes:

(a) to give any notice to the Issuer or to the Trustee, or to give any directions to the Trustee, or to waive or to consent to the waiving of any default hereunder, or to take any other action authorized to be taken by Holders of such series hereunder;

(b) to remove the Trustee and appoint a successor Trustee pursuant to Article 4 hereof;

(c) to consent to the execution of an Indenture or Indentures supplemental hereto pursuant to Section 9.2 hereof;

(d) to take any Action contemplated by Section 6.11 or Section 6.12 above; or

(e) to take any Action (other than an Action described in clause (d) of this Section 8.1) authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Notes under any other provision of this Indenture or under applicable law.

SECTION 8.2 Call of Meetings by Trustee. The Trustee may at any time call a meeting of Holders of any series to be held at such time and at such place in the Borough of Manhattan, The City of New York, as the Trustee shall determine. Notice of every meeting of Holders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meetings shall be given by the Trustee, in the manner provided in Section 1.6 hereof, (a) not less than 30 nor more than 60 days prior to the date fixed for any meeting in respect of matters contemplated in Section 6.11 and (b) not less than 20 nor more than 180 days prior to the date fixed for the meeting for all other matters, to the Holders of Notes of such series.

SECTION 8.3 Issuer and Holders May Call Meeting. In case the Issuer, pursuant to a resolution of its Management Committee, or the Holders of at least 10% in aggregate principal amount of the Notes of any series then Outstanding, shall have requested the Trustee to call a meeting of Holders of such series by written request setting forth in general terms the action proposed to be taken at the meeting, and the Trustee shall not have made the mailing of the notice of such meeting within 20 days after receipt of such request, then the Issuer or the Holders of such Notes in the amount above specified may determine the time and the place in the Borough of Manhattan, The City of New York, for such meeting and may call such meeting to take any action authorized in Section 8.1 hereof by giving notice thereof as provided in Section 8.2 hereof.

SECTION 8.4 Persons Entitled to Vote at Meeting. To be entitled to vote at any meeting of Holders, a person shall be a (a) Holder of one or more Notes with respect to which such meeting is being held or (b) person appointed by an instrument in writing as proxy for the Holder or Holders of such Notes by a Holder of one or more such Notes. The only persons who shall be entitled to be present or to speak at any meeting of Holders shall be the persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Issuer and its counsel.

SECTION 8.5 Determination of Voting Rights; Conduct and Adjournment of Meeting. Notwithstanding any other provisions of this Indenture, the

Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders, in regard to proof of the holding of Notes and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall think fit. The holding of Notes shall be proved in the manner specified in Section 7.2 hereof and the appointment of any proxy shall be proved in the manner specified in Section 7.1 or by having the signature of the person executing the proxy witnessed or guaranteed by any bank, banker, trust company or firm satisfactory to the Trustee.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Issuer or by Holders as provided in Section 8.3 hereof, in which case the Issuer or the Holders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority in principal amount of the Notes represented at the meeting and entitled to vote.

Subject to the provision of Section 7.3 hereof, at any meeting each Holder of a series or proxy shall be entitled to one vote for each $100,000 principal amount of Notes of such series held or represented by it; *provided, however,* that no vote shall be cast or counted at any meeting in respect of any Note challenged as not Outstanding and ruled by the chairman of the meeting not to be Outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Notes of such series held by it or instruments in writing as aforesaid duly designating it as the person to vote on behalf of other Holders. Any meeting of Holders of such series duly called pursuant to Section 8.2 or 8.3 hereof may be adjourned from time to time, and the meeting may be held as so adjourned without further notice.

At any meeting, the presence of persons holding or representing Notes with respect to which such meeting is being held in an aggregate principal amount sufficient to take action upon the business for the transaction of which such meeting was called shall be necessary to constitute a quorum; but, if less than a quorum be present, the persons holding or representing a majority of the Notes represented at the meeting may adjourn such meeting with the same effect, for all intents and purposes, as though a quorum had been present.

SECTION 8.6 Counting Votes and Recording Action of Meeting. The vote upon any resolution submitted to any meeting of Holders of a series shall be by written ballots on which shall be subscribed the signatures of the Holders of Notes of such series or of their representatives by proxy and the serial numbers and principal amounts of the Notes of such series held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Holders shall be prepared by the secretary of the meeting and there shall be attached to said record the

original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 8.2 hereof. The record shall show the serial numbers of the Notes voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting, and one of the duplicates shall be delivered to the Issuer and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

ARTICLE 9

SUPPLEMENTAL INDENTURES

SECTION 9.1 Supplemental Indentures Without Consent of Holders. Without the consent of the Holders of any Notes, the Issuer, when authorized by a Management Committee Resolution of the Issuer, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto in form satisfactory to the Trustee, for any of the following purposes:

(a) to establish the form and terms of Notes of any series permitted by Sections 2.1; or

(b) to evidence the succession of another entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(c) to evidence and provide for the acceptance of appointment of a successor Trustee with respect to any series of Notes; or

(d) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to register any Notes under the Securities Act and the Exchange Act, or to comply with any applicable rules and regulations of any securities exchange on which any Notes may be listed, or, to qualify, requalify or continue the qualification of this Indenture (including any supplemental indenture) under the terms of the Trust Indenture Act, or under any similar federal statute hereafter enacted, and to add to this Indenture such other provisions as may be expressly permitted by the terms of the Trust Indenture Act, excluding, however, the provisions referred to in Section 316(a)(2) of the Trust Indenture Act as in effect at the date as of which this instrument was executed or any corresponding provision in any similar federal statute hereafter enacted; or

(e) to permit or facilitate the issuance of Notes in uncertificated form; or

(f) to cure any ambiguity, to correct or supplement any provision herein that may be defective or inconsistent with any other provision herein or that may require modification to implement or give effect to any Action approved or deemed approved by the Holders as provided hereunder or to make any other provisions with respect to matters or questions arising under this Indenture; *provided* such action shall not adversely affect the interest of the Holders of any series in any material respect; or

(g) to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Notes any Property; or

(h) to add to the covenants of the Issuer for the benefit of the Holders or to surrender any right or power herein conferred upon the Issuer; or

(i) to add additional Events of Default; or

(j) to add to, change or eliminate any provisions of the Indenture in respect of one or more series of Notes issued hereunder, provided that any such addition, change or elimination (i) shall neither (A) apply to Notes issued thereunder of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision or (B) modify the rights of any Holder of such Notes with respect to such provision or (ii) shall become effective only when there are no such Notes Outstanding.

SECTION 9.2 Supplemental Indenture with Consent of Holders. With the consent of the Holders of not less than a majority in aggregate principal amount of the Notes of each series affected by such supplemental indenture, by Act of said Holders delivered to the Issuer and the Trustee, the Issuer, in each case, when authorized by a Management Committee Resolution, may, and the Trustee, subject to Section 9.3 and 9.4 hereof, shall, enter into an indenture or indentures supplemental hereto for the purpose of adding any mutually agreeable provisions to or changing in any manner or eliminating any of the provision of this Indenture; *provided, however,* that if there shall be Notes of more than one series Outstanding hereunder and if a proposed supplemental indenture shall directly affect the rights of the Holders of one or more, but less than all, of such series, then the consent only of the Holders of not less than a majority in aggregate principal amount of the Outstanding Notes of all series so directly affected, considered as one class, shall be required; and *provided, further,* that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Note directly affected thereby:

(a) change the Stated Maturity of any Note or, the Stated Maturity of any installment of any Note, or of any payment of interest thereon, or the dates or circumstances of payment of premium, if any, on, any Note, or change the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the place of payment where, or the coin or currency in which, any Note or the premium, if any, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such

payment of principal or interest on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Determination Date) or such payment of premium, if any, on or after the date such premium becomes due and payable, or change the Determination Date or the terms of payment or redemption; or

(b) reduce the percentage in principal amount of the Outstanding Notes, the consent of whose Holders is required for any such amendment, supplement or waiver, or the consent of whose Holders is required for any waiver provided for in this Indenture; or

(c) amend or modify any of the provisions of this Section 9.2.

A supplemental indenture that changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Notes, or which modifies the rights of the Holders of Notes of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Notes of any other series.

Upon receipt by the Trustee of Management Committee Resolutions of the Issuer and such other documentation as the Trustee may reasonably require and upon the filing with the Trustee of evidence of the Act of said Holders, the Trustee shall join in the execution of such supplemental indenture or other instrument, as the case may be, subject to the provisions of Sections 9.3 and 9.4 hereof.

It shall not be necessary for any Act of Holders under this Section 9.2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 9.3 Execution of Supplemental Indentures. The Trustee may, but shall not be required to, take any action which modifies or affects its duties and responsibilities hereunder. In executing, or accepting the additional trusts created by any Series Supplemental Indenture or any other supplemental indenture permitted by this Article 9 or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 4.1 hereof) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture, that all requisite consents have been obtained or that no consents are required and that such supplemental indenture constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, subject to customary equitable principles exceptions.

SECTION 9.4 Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article 9, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 9.5 Reference in Notes to Supplemental Indentures. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to

this Article 9 may, and shall if required by the Issuer, bear a notation in form approved by the Issuer and the Trustee as to any matter provided for with respect to such Notes; and, in such case, suitable notation may be made upon Outstanding Notes after proper presentation and demand. If the Issuer shall so determine, new Notes so modified as to conform, in the opinion of the Issuer, to any such supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Notes.

SECTION 9.6 Conformity with Trust Indenture Act. Every supplemental indenture executed pursuant to this Article 9 shall conform to the requirements of the Trust Indenture Act as then in effect.

ARTICLE 10

SATISFACTION AND DISCHARGE

SECTION 10.1 Defeasance of Notes. The Issuer will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 123rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if:

(a) the Issuer has deposited with the Trustee, in trust, money and/or U.S. Government Obligations that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes;

(b) the Issuer has delivered to the Trustee (i) either (x) an Opinion of Counsel to the effect that Holders will not recognize income, gain or loss for federal income tax purposes as a result of the Issuer's exercise of its option under this section and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred, which Opinion of Counsel must be based upon (and accompanied by a copy of) a ruling of the Internal Revenue Service to the same effect unless there has been a change in applicable federal income tax law after the Initial Closing Date such that a ruling is no longer required or (y) a ruling directed to the Trustee received from the Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (ii) an Opinion of Counsel to the effect that the creation of the defeasance trust does not violate the Investment Company Act of 1940 and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

(c) immediately after giving effect to such deposit on a *pro forma* basis, no Default or Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 123rd day after the date of such deposit, and such deposit shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Issuer or any of its Subsidiaries is a party or by which the Issuer or any of its Subsidiaries is bound; and

(d) if at such time the Notes are listed on a national securities exchange, the Issuer has delivered to the Trustee an Opinion of Counsel to the effect that the Notes will not be delisted as a result of such deposit, defeasance and discharge.

Upon satisfaction of the aforesaid conditions with respect to the Notes, the Trustee shall, upon receipt of an Issuer Request, acknowledge in writing that the Notes are deemed to have been paid for all purposes of this Indenture and that the entire indebtedness of the Issuer in respect thereof is deemed to have been satisfied and discharged.

Notwithstanding the satisfaction and discharge of any Notes as aforesaid, the obligations of the Issuer and the Trustee in respect of such Notes under Sections 2.4, 2.5, 2.6, 2.13, Article 4 and this Article 10 hereof shall survive.

SECTION 10.2 Covenant Defeasance. The Issuer shall, subject to the satisfaction of the conditions set forth in this Section, be released from its obligations under the covenants contained in Section 6.1 (other than the covenants set forth in Section 6.1(a), (k) and (o)) and Section 6.2 (other than the covenant set forth in Section 6.2(f)). With respect to Outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), the Notes shall thereafter be deemed not Outstanding for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall be deemed outstanding for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the Outstanding Notes, the Issuer may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.3 hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, subject to the satisfaction of the conditions set forth in this Section, Sections 6.3(b), 6.3(c), 6.3(d), 6.3(e), 6.3(h), 6.3(i) and 6.3(j) hereof shall not constitute Events of Default.

The following shall be the conditions to the effectiveness of a Covenant Defeasance as set forth in the prior paragraph;

(a) satisfaction of the provisions set forth in 10.1(a), 10.1(b)(ii), 10.1(c) and 10.1(d); and

(b) delivery by the Issuer to the Trustee of an Opinion of Counsel to the effect that, the Holders will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

SECTION 10.3 Satisfaction and Discharge of the Indenture. This Indenture shall upon written request by the Issuer cease to be of further effect (except as to (i) any surviving rights of registration of transfer or exchange of Notes of any series issued thereunder expressly provided for therein and (ii) the obligations of the Issuer with respect to any Notes for whose payments money has been deposited in trust as set forth in Section 10.1), and the Trustee shall execute instruments acknowledging satisfaction and discharge of the Indenture, when:

(i) either (a) all Notes issued under the Indenture theretofore authenticated and delivered (other than (1) securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in this Indenture and (2) Notes for whose payment money has been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in this Indenture) have been delivered to the Trustee for cancellation or (b) all such Notes not theretofore delivered to the Trustee for cancellation (1) have become due and payable, *(2)* will become due and payable at their Stated Maturity within one year, or (3) are to be called for redemption within one year under arrangements satisfactory to the Trustee and the Issuer, in the case of (1), (2) or (3) described in clause (b) above, has deposited or caused to be deposited with the Trustee in trust for such purpose money in an amount sufficient to pay and discharge the entire indebtedness on such Notes, for principal and any premium and interest to the date of such deposit (in the case of securities which have become due and payable) or to the Stated Maturity or Determination Date, as the case may be;

(ii) The Issuer has paid or caused to be paid all other sums payable thereunder by the Issuer; and

(iii) The Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each stating that all conditions precedent provided in the Indenture with respect to the satisfaction and discharge of the Indenture have been complied with.

Upon satisfaction of the aforesaid conditions, the Trustee shall, upon receipt of an Issuer Request, acknowledge in writing the satisfaction and discharge of this Indenture.

Notwithstanding the satisfaction and discharge of this Indenture as aforesaid, the obligations of the Issuer and the Trustee under Sections 2.4, 2.5, 2.6, 2.13, Article 4 and this Article 10 hereof shall survive.

Upon satisfaction and discharge of this Indenture as provided in this Section 10.3, the Trustee shall assign, transfer and turn over to or upon the order of the Issuer any and all money, securities and other property then held by the Trustee for the benefit of the Holders, other than money deposited with the Trustee pursuant to Section 10.1(a) hereof and interest and other amounts earned or received thereon.

SECTION 10.4 Application of Trust Money. The money deposited with the Trustee pursuant to Section 10.1 hereof shall not be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, and premium, if any, and interest on, the Notes or portions of principal amount thereof in respect of which such deposit was made.

SECTION 10.5 Return of Moneys Held by Trustee and Paying Agent Unclaimed for One Year. Unless otherwise required by mandatory provisions of the applicable escheat or abandoned or unclaimed property law, any moneys deposited with or paid to the Trustee or any Paying Agent for the payment of principal of, or premium, if any, or interest on, any Note, other than amounts held pursuant to Section 10.1 hereof and not applied but remaining unclaimed for one year after the date upon which such principal, premium, if any, or interest shall have become due and payable, shall, upon written request of the Issuer, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, be repaid to the Issuer by the Trustee or such Paying Agent, and the Holder of such Note shall thereafter look only to the Issuer for any payment that such Holder may be entitled to collect, and all liability of the Trustee or any paying agent with respect to such moneys shall thereupon cease.

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed by their respective officers duly authorized as of the day and year first above written.

IROQUOIS GAS TRANSMISSION SYSTEM, L.P., as the Issuer

By: Iroquois Pipeline Operating Company, its Agent

By: /s/ Paul Bailey
Name: Paul Bailey
Title: Vice President & Chief Financial Officer

By: /s/ Craig R. Frew
Name: Craig R. Frew
Title: President

THE CHASE MANHATTAN BANK, as Trustee

By: /s/ Denise S. Moore
Name: Denise S. Moore
Title: Assistant Treasurer

EXHIBIT A

SUBORDINATION PROVISIONS

The unsecured affiliate indebtedness evidenced by this instrument (herein called the "Affiliate Subordinated Debt") is subordinated and subject in right of payment to the prior payment in full of all Senior Debt Obligations (as hereinafter defined) of Iroquois Gas Transmission System, L.P., a limited partnership formed under the laws of the State of Delaware (the "Issuer"). Each holder of this instrument, by its acceptance hereof, agrees to and shall be bound by all the provisions hereof.

All capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to them in the Indenture, dated as of May 30, 2000 (as such agreement may be amended, supplemented or otherwise modified from time to time, the "Indenture"), between the Issuer and The Chase Manhattan Bank, as trustee (the "Trustee").

The term "Senior Debt Obligations", as used herein, shall include all loans, advances, debts, liabilities and obligations, howsoever arising (whether or not evidenced by any note or instrument and whether or not for the payment of money), direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising (collectively, "Obligations") of the Issuer now or hereafter existing in respect of Senior Debt and any amendments, modifications, deferrals, renewals or extensions of any such Senior Debt, or of any notes or evidences of indebtedness heretofore or hereafter issued in evidence of or in exchange for any such Obligation, whether for principal, interest (including interest payable in respect of any such Obligations subsequent to the commencement of any proceeding against or with respect to the Issuer under any chapter of the Bankruptcy Code, 11 U.S.C. § 101 et seq. (the "Bankruptcy Code"), or any provision of corresponding bankruptcy, insolvency or commercial reorganization legislation of any other jurisdiction, whether or not such interest is an allowed claim enforceable against the debtor, and whether or not the holder of such obligation would be otherwise entitled to receive dividends or payments with respect to any such interest or any such proceeding), fees, expenses or otherwise.

The term "Affiliate Subordinated Debt", as used herein, shall mean all Obligations of the Issuer owing to any Partner or an Affiliate of any Partner of the Issuer now or hereafter existing hereunder (whether created directly or acquired by assignment or otherwise), whether for principal, interest (including, without limitation, interest accruing after the filing of a petition initiating any bankruptcy proceeding described in the definition of Senior Debt Obligations, whether or not such interest accrues after the filing of such petition for purposes of the Bankruptcy Code or is an allowed claim in such proceeding), fees, expenses or otherwise.

On and after the Initial Closing Date, no payment on account of principal, interest, fees, expenses or otherwise on this Affiliate Subordinated Debt shall be made by the Issuer in

cash unless (a) full payment of all amounts then due and payable on all Senior Debt Obligations has been made, (b) such payment would be permitted by the Indenture, (c) each of the conditions set forth in Section 6.2(e) of the Indenture has been satisfied and (d) immediately after giving effect to such payment, there shall not exist any Default or Event of Default. Any such payment permitted pursuant to this paragraph is hereinafter referred to as a "Permitted Payment". For the purposes of these provisions, no Senior Debt Obligations shall be deemed to have been paid in full until the obligee of such Senior Debt Obligations shall have indefeasibly received payment in full in cash.

Upon any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, to creditors upon any dissolution or winding up or total or partial liquidation or reorganization of the Issuer, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, then and in any such event all principal, premium and interest and all other amounts due or to become due upon all Senior Debt Obligations shall first be paid in full before the holders of the Affiliate Subordinated Debt shall be entitled to retain any assets so paid or distributed in respect of the Affiliate Subordinated Debt (or principal, premium, interest or otherwise) and upon any such dissolution or winding up or liquidation or reorganization, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, to which the holders of the Affiliate Subordinated Debt

would be entitled, except as otherwise provided herein, shall be paid pro rata among the holders of Senior Debt Obligations by the Issuer or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, or by the holders of the Affiliate Subordinated Debt if received by them. So long as any Senior Debt Obligations are outstanding, the holder of this instrument shall not commence, or join with any creditor other than the holders of the Senior Debt Obligations in commencing, or directly or indirectly causing the Issuer to commence, or assist the Issuer in commencing, any proceeding referred to in the preceding sentence.

The holder of this instrument hereby irrevocably authorizes and empowers (without imposing any obligation on) each Senior Party and such Senior Party's representatives, under the circumstances set forth in the immediately preceding paragraph, to demand, sue for, collect and receive every such payment or distribution described therein and give acquittance therefor, to file claims and proofs of claims in any statutory or nonstatutory proceeding, to vote such Senior Party's ratable share of the full amount of the Affiliate Subordinated Debt evidenced by this instrument in its sole discretion in connection with any resolution, arrangement, plan of reorganization, compromise, settlement or extension and to take all such other action (including, without limitation, the right to participate in any composition of creditors and the right to vote such Senior Party's ratable share of the full amount of the Affiliate Subordinated Debt at creditors' meetings for the election of trustees, acceptances of plans and otherwise), in the name of the holder of the Affiliate Subordinated Debt evidenced by this instrument or otherwise, as such Senior Party's representatives may deem necessary or desirable for the enforcement of the subordination provisions of this instrument. The holder of this instrument shall execute and deliver to each Senior Party and such holder's representatives all such further instruments confirming the foregoing authorization, and all such powers of attorney, proofs of claim, assignments of claim and other instruments, and shall take all such other action as may be

reasonably requested by such holder or such holder's representatives in order to enable such holder to enforce all claims upon or in respect of such holder's ratable share of the Affiliate Subordinated Debt evidenced by this instrument.

The holder of this instrument shall not, without the prior written consent of the Senior Parties, have any right to accelerate payment of, or institute any proceeding to enforce, the Affiliate Subordinated Debt so long as any Senior Debt Obligations are outstanding, unless and until the holders of all Senior Debt Obligations have accelerated payment thereof and commenced proceedings to enforce such Senior Debt Obligations.

After the payment in full of all amounts due in respect of Senior Debt Obligations, the holder or holders of the Affiliate Subordinated Debt shall be subrogated to the rights of the Senior Parties to receive payments or distributions of cash, property or securities of the Issuer applicable to Senior Debt Obligations until the principal of, premium on, interest on and all other amounts due or to become due with respect to the Affiliate Subordinated Debt shall be paid in full subject to the terms and conditions of the Affiliate Subordinated Debt or of any agreement among the holders of the Affiliate Subordinated Debt and other Affiliate Subordinated Debt of the Issuer.

If any payment (other than a Distribution permitted pursuant to Section 6.2(e) of the Indenture) or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, shall be received by the holder of the Affiliate Subordinated Debt in such capacity before all Senior Debt Obligations are paid in full, such payment or distribution will be held in trust for the benefit of, and shall be immediately paid over pro rata among the holders of Senior Debt Obligations, for application to the payment in full of Senior Debt Obligations, until all Senior Debt Obligations shall have been paid in full.

Nothing contained in this instrument is intended to or shall impair as between the Issuer, its creditors (other than the Senior Parties) and the holders of the Affiliate Subordinated Debt, the Obligations of the Issuer to pay to the holders of the Affiliate Subordinated Debt, as and when the same shall become due and payable in accordance with their terms, or to affect the relative rights of the holders of the Affiliate Subordinated Debt and creditors of the Issuer (other than the Senior Parties).

The holders of the Senior Debt Obligations shall not be prejudiced in their rights to enforce the subordination contained herein in accordance with the terms hereof by any act or failure to act on the part of the Issuer.

The holder of this instrument agrees to execute and deliver such further documents and to do such other acts and things as the Senior Parties may reasonably request in order fully to effect the purposes of these subordination provisions. Each holder of this instrument by its acceptance hereof authorizes and directs the Trustee on its behalf to take such further action as may be necessary to effectuate the subordination as provided herein and appoints the Trustee as its attorney-in-fact for any and all such purposes.

The subordination effected by these provisions, and the rights of the Senior Parties, shall not be affected by (i) any amendment of, or addition or supplement to, the Indenture, any

other Senior Debt Agreement, or any other document evidencing Senior Debt Obligations, (ii) any exercise or nonexercise of any right, power or remedy under or in respect to the Indenture, any other Senior Debt Agreement, or any other document evidencing or securing Senior Debt Obligations or (iii) any waiver, consent, release, indulgence, extension, renewal, modification, delay, or other action, inaction or omission, in respect of the Indenture, any other Senior Debt Agreement, or any other document evidencing Senior Debt Obligations; whether or not any holder of any Affiliate Subordinated Debt shall have had notice or knowledge of any of the foregoing.

No failure on the part of any Senior Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor all any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

The holder of this instrument and the Issuer each hereby waive promptness, diligence, notice of acceptance and any other notice with respect to any of the Senior Debt Obligations and these terms of subordination and any requirement that any Senior Party protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right to take any action against the Issuer or any other Person.

These terms of subordination shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Senior Debt Obligations is rescinded or must otherwise be returned by any Senior Party upon the insolvency, bankruptcy or reorganization of the Issuer or otherwise, all as

though such payment had not been made.

The provisions of these terms of subordination constitute a continuing agreement and shall (i) remain in full force and effect until the payment in full of the Senior Debt Obligations, (ii) be binding upon the holder of this instrument, the Issuer and its successors, transferees and assignees and (iii) inure to the benefit of, and be enforceable by, each Senior Party. Without limiting the generality of the foregoing clause (iii), the Senior Party may assign or otherwise transfer all or any portion of its rights and obligations under all or any of the Senior Debt Agreements to any other Person (to the extent permitted by the Senior Debt Agreements), and such other Person shall thereupon become vested with all the rights in respect thereof granted to such Senior Party herein or otherwise.

This instrument shall be governed by and construed in accordance with, the laws of the State of New York, without giving effect to the conflict of law principles thereof.

Exhibit 4.4.1

Execution Version

SECOND SUPPLEMENTAL INDENTURE

Dated as of August 13,2002

between

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.

and

JPMORGAN CHASE BANK
(formerly known as The Chase Manhattan Bank),

as Trustee, Paying Agent, Security Registrar and

Transfer Agent

6.10% Senior Notes Due 2027

SECOND SUPPLEMENTAL INDENTURE, dated as of August 13, 2002 (this "Second Supplemental Indenture"), between IROQUOIS GAS TRANSMISSION SYSTEM, L.P., a limited partnership organized under the laws of the State of Delaware, as issuer (the "Issuer") and JPMORGAN CHASE BANK (formerly known as THE CHASE MANHATIAN BANK), as Trustee, Paying Agent, Security Registrar and Transfer Agent under the Original Indenture referred to .below (the "Trustee").

WITNESSETH:

WHEREAS, the Issuer has heretofore executed and delivered to the Trustee an indenture dated as of May 30, 2000 (hereinafter called the "Original Indenture", and together with this Second Supplemental Indenture, the "Indenture") to provide for the issuance from time to time of certain of its debt securities;

WHEREAS, Section 9.1 of the Original Indenture provides, among other things, that the Issuer and the Trustee may enter into indentures supplemental to the Original Indenture without the consent of any Holders, among other things, (i) for the purpose of establishing the form and terms of any series of its debt securities as permitted by Section 2.1 of the Original Indenture and/or (ii) to add to, change or eliminate any provision of the Original Indenture subject to compliance with the requirements of Section 9.1G) thereof;

WHEREAS the Issuer desires to create, pursuant to Section 2.1 of the Original Indenture, a series of debt securities in an aggregate principal amount of $170,000,000 to be designated the "6.10% Senior Notes Due 2027" (such debt securities, as issued on August 13, 2002, the "Notes", which shall constitute "Notes" for the purposes of the Original Indenture and this Second Supplemental Indenture but the use of the term "Notes" in this Second Supplemental Indenture shall (except as otherwise expressly provided in the Original Indenture or herein or unless the context otherwise requires) refer only to the Notes issued pursuant to this Second Supplemental Indenture), and all actions on the part of the Issuer necessary to authorize the issuance of the Notes under the Original Indenture and this Second Supplemental Indenture have been duly taken; and

WHEREAS, all acts and things necessary to make such Notes, when executed by the Issuer and authenticated and delivered by the Trustee as provided in the Original Indenture, the valid and binding obligations of the Issuer and to constitute these presents a valid and binding supplemental indenture and agreement according to its terms, have been duly done and performed.

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH:

That in consideration of the premises and of the acceptance and purchase of the Notes by the holders thereof and of the acceptance of this trust by the Trustee, the Issuer covenants and agrees with the Trustee, for the equal benefit of holders of the Notes, as follows:

Article One
Definitions

The use of the terms and expressions herein is in accordance with the definitions, uses and constructions contained in the Original Indenture and the form of the Note attached hereto as Exhibit A. The terms used in this Second Supplemental Indenture, or the Original Indenture as they relate to the Notes, which are not defined in the Original Indenture or this Second Supplemental Indenture but which are defined in the Trust Indenture Act, or which are by reference in the Trust Indenture Act defined in the Securities Act (except as otherwise expressly provided in the Indenture or unless the context otherwise requires), shall have the meanings assigned to such terms under the Trust Indenture Act and in the Securities Act as in force at the date of the execution of this Second Supplemental Indenture. In addition, for all purposes of this Second Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise expressly requires, the following terms shall have the respective meanings assigned to them as follows and shall be construed as if defined in Article One of the Original Indenture:

"Athens Expansion" means the addition of compression capacity and facilities by the Issuer to service the 1,080 MW Athens Power Station in Athens, New York.

"DTC" means The Depository Trust Company, New York, New York, or its successors.

"Eastchester Extension" means (i) the addition of compression capacity and gas cooling facilities by the Issuer at multiple new and existing compression station facilities located in New York along the Pipeline and (ii) a pipeline of the Issuer from Northport, Long Island westward through the Long Island Sound and East River to the Hunts Point section of New York City.

"First Supplemental Indenture" mean that First Supplemental Indenture dated as of May 30, 2000 executed and delivered by the Issuer and the Trustee.

"Regulation S" means Regulation *S* under the Securities Act, as such Regulation may be amended from time to time, or under any similar rules or regulations hereafter adopted by the SEC.

"Restricted Notes Legend" means a legend substantially in the form of the legend identified as such and contained in the form of Notes set forth in Exhibit A hereto.

''Transfer Certificate" means a certificate of transfer satisfactory to the Issuer and the Trustee (as Security Registrar) substantially in the form of Exhibit B hereto.

Article Two
Terms and Issuance of the Notes

Section 2.1. Issue of Notes.

Each of the Notes shall be executed, authenticated and delivered in accordance with the provisions of, and shall in all respects be subject to, the terms, conditions and covenants of the Original Indenture and this Second Supplemental Indenture (including the form of Note set forth in Exhibit A attached hereto). The aggregate principal amount of the Notes which may be authenticated and delivered under this Second Supplemental Indenture shall not exceed $170,000,000.

Section 2.2. Interest; Principal: Record Date.

Interest on the Notes will be payable semi-annually on April 30 and October 31 in each year, commencing April 30, 2003, at a rate of 6.10% per annum, until the principal thereof is paid or made available for payment.

Principal on the Notes will be payable semi-annually on April 30 and October 31 in each year, commencing April 30, 2008, in accordance with the amortization schedule attached to this Second Supplemental Indenture as Exhibit C and to each Note.

The interest and principal so payable, and punctually paid or duly provided for, on any Debt Service Payment Date will be paid to the Person in whose name the Notes (or one or more Predecessor Notes) are registered at the close of business on the Regular Record Date for such principal and interest, which shall be the fifteenth day (whether or not a Business Day) preceding such Debt Service Payment Date.

Any such interest or principal not so punctually paid or duly provided for will forthwith cease to be payable to the Person in whose name the Notes are registered on the Regular Record Date and may be paid to the Person in whose name such Notes (or one or more Predecessor Notes) are registered at the close of business on the Special Record Date to be fixed by the Issuer, notice whereof shall be given to the Holders of the Notes not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed and upon such notice as may be required by such exchange on which the Notes may be listed, and upon such notice as may be. required by such exchange, all as more fully provided in the Original Indenture. The Notes do not have the benefit of any sinking fund, but the principal amount thereof shall amortize as set forth above and in each Note.

Section 2.3. Place of Payment.

The principal of, the premium, if any, and interest on the Notes will be payable at the offices of the Trustee at: 450 West 33rd Street, New York, New York 10001, Attention: Institutional Trust Services (the "Place of Payment").

The Notes may be surrendered for registration of transfer and exchange at the Place of Payment. Upon receiving the Notes surrendered for registration of transfer or exchange, the Issuer will issue new Notes which will be sent to the Trustee for authentication and delivery as set forth in Section 2.5 of this Second Supplemental Indenture. Notices and demands to or upon the Issuer in respect of the Notes may be served at the Place of Payment

Section 2.4. Form of the Notes; Incorporation of Terms.

The Notes offered and sold in their initial distribution in reliance on Rule 144A shall initially be issued in the form of one or more separate Global Notes (each, a "Rule 144A Global Note"), the face and reverse of which shall be substantially in the form set forth in Exhibit A attached hereto, the terms of which are herein incorporated by reference and which are part of this Second Supplemental Indenture. The Notes offered and sold in their initial distribution in reliance on Regulation S shall initially be issued in the form of one or more separate Global Notes (each, a "Regulation S Global Note", and together with all Rule 144A Global Notes, the ''Global Notes"), the face and reverse of which shall be substantially in the form set forth in Exhibit A attached hereto. Definitive Notes registered in the name or names of Persons other than the Depositary or its nominee shall only be issued in exchange for any Global Note in the circumstances set forth in Section 2.4(b)(ii) of the Original Indenture and shall be substantially in the form set forth in Exhibit A attached hereto.

Section 2.5. Transfer Restrictions; Exchange of Notes.

The Notes, as originally issued under this Second Supplemental Indenture, are restricted and may not be transferred except in compliance with the Restricted Notes Legend. The Notes shall bear the Restricted Notes Legend until such time as such Restricted Notes Legend shall be removed by the Issuer (i) in the case of any Note issued pursuant to Rule 144A, at any time on or after the occurrence of the "Resale Restriction Termination Date" on such Legend and (ii) in the case of any Note issued pursuant to Regulation S at any time on or after the expiration of the "restricted period" (within the meaning of Regulation S) with respect to any such Note. The Issuer shall notify the Trustee of the expiration date of the "restricted period".

(a) Exchanges between Regulation S Global Note and Rule 144A Global Note.

If a holder of a beneficial interest in a Rule 144A Global Note wishes at any time to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in a Regulation S Global Note, or if a holder of a beneficial interest in a Regulation S Global Note wishes at any time to transfer such interest to a

Person who wishes to take delivery thereof in the form of a beneficial interest in a Rule 144A Global Note, upon receipt by the Trustee (as Security Registrar) at its Corporate Trust Office of a Transfer Certificate in the appropriate form and:

(i) Written instructions given in accordance with the rules and procedures of the Depositary (together with, as applicable, the rules and procedures of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstrearn Banking, societe anonyme ("Clearstream. Luxembourg"), the "Applicable Procedures") from the respective Person who has an account with the Depositary (each such Person, a "Participant") directing the Depositary to cause to be credited to the account of another Participant a beneficial interest in such Regulation S Global Note or Rule 144A Global Note (as the case may be) equal to that of the beneficial interest in such Rule 144A Global Note or Regulation S Global Note (as the case may be) to be so transferred; and

(ii) written instructions given in accordance with the Applicable Procedures containing information regarding such other account, as well as the account of Euroclear or Clearstream, Luxembourg (as the case may be) for which such other account is held, to be credited with, and the account of such applicable Participant to be debited for, such beneficial interest;

the Trustee shall (1) reduce or increase (as the case may be) the principal amount of such Rule 144A Global Note, and increase or reduce (as the case may be) the principal amount of such Regulation S Global Note, in each case by an amount equal to the principal amount of the beneficial interest *in* such Rule 144A Global Note or Regulation S Global Note (as the case may be) to be so transferred, (2) instruct the Depositary to make a corresponding reduction or increase (as the case may be) to the book-entry interests relating to such Global Note and to credit and debit such beneficial interests to the respective accounts specified in the instructions referred to above.

(b) Exchanging Restricted Definitive Notes for Regulation *S* Global Note or Rule 144A Global Note.

If a holder of a Definitive Note bearing the Restricted Note Legend (the "Restricted Definitive Note") wishes to exchange all or part of such Definitive Note for a beneficial interest in a Regulation S Global Note or a beneficial interest in a Rule 144A Global Note or wishes to transfer all or part of such Restricted Definitive Note to a person who wishes to take delivery thereof in the form of a beneficial interest in a Regulation S Global Note or a Rule 144A Global Note, upon receipt by the Trustee (as Security Registrar) at its Corporate Trust Office of a Transfer Certificate in the appropriate form and:

(i) The Restricted Definitive Note to be so exchanged or transferred; and

(ii) Written instructions given in accordance with the rules and procedures of the Depositary and the Applicable Procedures from the applicable

Participant directing the Trustee to cancel such Restricted Definitive Note (or part thereof being transferred, so long as the part not being transferred is in the principal amount of authorized denominations of such Restrictive Definitive Note, in which case the Trustee shall issue a new Restricted Definitive Note to the original Holder in the aggregate original principal of the original Restricted Definitive Note not being so transferred) and for the Depositary to cause to be credited to the specified account of the applicable Participant a beneficial interest in such Regulation S Global Note or Rule l44A Global Note (as the case may be) equal to the principal amount of the Restricted Definitive Note so exchanged or transferred;

the Trustee shall (1) cancel such Restricted Definitive Note (or part thereof being transferred, so long as the part not being transferred is in the principal amount of authorized denominations of such Restrictive Definitive Note, in which case the Trustee shall issue a new Restricted Definitive Note to the original Holder in the aggregate original principal of the original Restricted Definitive Note not being so transferred) and (2) instruct the Depositary to make a corresponding increase to the book-entry interests relating to such Regulation *S* Global Note or Rule 144A Global Note (as the case may be) and to credit such beneficial interests to the respective accounts specified in the instructions referred to above.

(c) Exchange of Regulation S Global Note or Rule 144A Global Note for Definitive Notes.

Subject to compliance with Section 2.4(b)(ii) of the Original Indenture (other than clause (C) of such Section 2.4(b)(ii), which clause (C) shall not be applicable to the Notes), if a holder of a beneficial interest in a Regulation S Global Note or a Rule 144A Global Note is required to exchange such interest for one or more Restricted Definitive Notes or to transfer such interest to a person who is required to take delivery thereof in the form of one or more Restricted Definitive Notes, upon receipt by the Trustee (as Security Registrar) at its Corporate Trust Office of a Transfer Certificate in the appropriate form and:

(i) written instructions given in accordance with -the rules and procedures of the Depositary and the Applicable Procedures from the applicable Participant directing the Trustee to authenticate and deliver such Definitive Note or Notes in an aggregate principal equal to that of the beneficial interest in the Regulations Global Note or Rule 144A Global Note (as the case may be) to be debited and for the Depositary to cause to be

debited to the specified account of the applicable Participant a beneficial interest in such Regulation S Global Note or Rule 144A Global Note (as the case may be) equal to the principal amount of the Restricted Definitive Note so exchanged or transferred; such information to contain the name in which such Restricted Definitive Note or Notes are to be registered and the authorized denomination of each such Restricted Definitive Note or Notes; and

(ii) one or more Restricted Definitive Notes issued and duly executed by the Issuer;

the Trustee shall **(1)** instruct the Depositary to make a corresponding reduction to the book-entry interests relating to such Regulation S Global Note or Rule 144A Global Note (as the case may be) and to debit such beneficial interests to the respective accounts as specified in the written instructions and (2) shall thereupon promptly authenticate and deliver at the Corporate Trust Office (as the office of the Security Registrar), or send by mail (at the risk of the transferee) to such address as the transferee may request, the Restrictive Definitive Note or Notes, registered in the requested name as specified in the written instructions.

(d) Exchange of Restricted Definitive Notes for other Restricted Definitive Notes.

A Restricted Definitive Note may be exchanged or transferred in whole or in part in the principal amount of authorized denominations of such Restricted Definitive Note, upon receipt by the Trustee (as Security Registrar) &tits Corporate Trust Office of: (i) in the case of an exchange, a written request for exchange, (ii) a Transfer Certificate in the appropriate form, and (iii) a new Restricted Definitive Note issued and duly executed by the Issuer. In exchange for any Restricted Definitive Note properly presented for exchange or transfer, the Trustee shall promptly authenticate and deliver at the Corporate Trust Office (as the office of the Security Registrar), or send by mail (at the risk of the holder (in the case of exchanges only) or transferee) to such address as the holder (in the case of exchanges only) or transferee may request another Restricted Definitive Note or Notes; registered in the name of such holder or transferee, for the same aggregate principal amount that was exchanged or transferred.

Article Three
Amendments to the Original Indenture

Section 3.1. Amendments to the Original Indenture.

The Issuer covenants and agrees for the benefit of the Holders of the Notes only that, for so long as any Note is Outstanding under this Second Supplemental Indenture, it shall observe the following modifications to certain definitions and affirmative covenants contained in the Original Indenture, but only with respect to the Notes:

(a) Definitions.

For the avoidance of doubt, the phrase "... and any future expansions or extensions of these facilities" in the definition of "Pipeline" in Section 1.1 of the Original Indenture shall include the Eastchester Extension and the Athens Expansion.

(b) Financial Statements and Other Information.

The reference to "90 days," in Section 6.1(d)(i) and 6.1(f) of the Original Indenture, and to "45 days" in Section 6.1(d)(ii) of the Original Indenture shall be references to such shorter period or fewer number of days as is mandated by law or by the SEC by rulemaking or regulation, or otherwise as the time period by which Exchange Act reporting issuers are required to file their annual report and quarterly reports, respectively, pursuant to Section 13(a) or 15(d) of the Exchange Act. The Issuer shall promptly notify the Trustee of any change in its reporting requirements resulting from the operation of this clause (b). The Issuer shall provide copies of the reports and other information required to be delivered to the Trustee pursuant to Section 6.l(d) and 6.1(f) of the Original Indenture to any beneficial holder of Notes that so requests of the Issuer.

(c) Maintenance of Insurance.

Section 6.1(i) of the Original Indenture is hereby deleted in its entirety and is hereby replaced with the following:

(i) Maintenance of Insurance. The Issuer shall provide or cause to be provided, for itself and its Subsidiaries, insurance (including appropriate self-insurance) against loss or damage of the kinds customarily insured against by companies similarly situated in the industry in which the Issuer or the Subsidiaries are then conducting business and owning like properties, including, but not limited to, products liability insurance and public liability insurance, with reputable insurers or with the government of the United States of America, or an agency or instrumentality thereof, in such amounts, with such deductibles and by such methods as shall be customary for companies similarly situated in the industry in which the Issuer or the Subsidiaries are then conducting business and owning like properties.

(d) SEC Reports and Reports to Holders.

Section 6.l(j) of the Original Indenture is hereby deleted in its entirety and is hereby replaced with the following:

(j) SEC Reports and Reports to Holders. The Issuer shall continue to file with the SEC all such reports and other information that the Issuer is required to file with the SEC by Section 13(a) or 15(d) under the Exchange Act as a United States issuer. For so long as the Issuer is required to file such reports and/or other information with the SEC, the Issuer shall supply to the Trustee and each Holder of the Notes (including each beneficial holder of the Notes so requesting) or shall supply to the Trustee for forwarding to each such Holder or beneficial holder together with written directions to forward such reports and/or other information to such Holder or beneficial holder, without cost to such Holder (including any such beneficial holder), copies of such reports and/or other

information. **If** at any time the Issuer is not required to file such reports and/or other information with the SEC and for so long as any Note remains Outstanding, the Issuer shall nonetheless continue to supply to the Trustee and each Holder of such Notes (including each beneficial holder of the Notes so requesting) or shall supply to the Trustee for forwarding to each such Holder or beneficial holder together with written directions to forward such reports and/or other information to such Holder or beneficial holder, without cost to such Holder (including any such beneficial holder), reports and/or other information that are substantially similar to the reports and/or other information that the Issuer otherwise would have been required to file with the SEC under Section 13(a) or 15(d) of the Exchange Act as a United States issuer within the time specified by the Exchange Act.

Article Four
Depositary

Section 4.1. Depositary

DTC or its nominee will be the Depositary.

The Global Notes may not be transferred except by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or to a successor Depositary or a nominee of a successor Depositary.

Article Five
Miscellaneous

Section 5.1. Execution of Supplemental Indenture.

This Second Supplemental Indenture is executed and shall be construed as an indenture supplemental to the Original Indenture and, as provided in the Original Indenture, this Second Supplemental Indenture forms a part thereof. The Notes executed, authenticated and delivered under this Second Supplemental Indenture constitute a series and shall not be considered to be a part of the series executed, authenticated and delivered under the First Supplemental Indenture or any other supplemental indenture entered into pursuant to the Original Indenture.

Section 5.2. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Second Supplemental Indenture, or would be required to be included in this Second Supplemental Indenture if the Trust Indenture Act applied to this Second Supplemental Indenture, by any of the provisions of the Trust Indenture Act, such provision of the Trust Indenture Act shall control.

Section 5.3. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 5.4. Successors and Assigns.

All covenants and agreements in this Second Supplemental Indenture by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section *5.5.* Severability Clause.

In case any provision in this Second Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section *5.6.* Benefit of Second Supplemental Indenture.

Nothing in this Second Supplemental Indenture or in the Notes, express or implied, shall give to· any person, other than the parties hereto and their successors hereunder and the Holders of the Notes, any benefit or any legal or equitable right, remedy or claim under this Second Supplemental Indenture.

Section *5.7.* Execution and Counterparts.

This Second Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 5.8. Original Indenture.

Other than as modified, amended or supplemented pursuant to the terms of this Second Supplemental Indenture, with respect to the Notes, the Original Indenture shall remain in full force and effect in accordance with its terms as it relates to all Outstanding Notes, including the Notes.

Section 5.9. GOVERNING LAW

THIS INDENTURE AND THE NOTES SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

Section 5.10. Recitals. etc.

The recitals contained in this Second Supplemental Indenture shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness and makes no representations *as* to the validity or sufficiency of this Second Supplemental Indenture.

IN WITNESS WHEREOF, the parties hereof have caused this Second Supplemental Indenture to be duly executed by their respective officers, directors or signatories duly authorized thereto, all as of the day and year first above written.

IROQUOIS GAS TRANSMISSION
SYSTEM, L.P., as the Issuer

By: Iroquois Pipeline Operating Company,
as Agent of the Issuer

By: /s/ Craig R. Frew
Name: Craig R. Frew
Title: President

By: /s/ Paul Bailey
Name: Paul Bailey
Title: Vice President and Chief
Financial Officer

JPMORGAN CHASE BANK,
as Trustee, Paying Agent, Security Registrar and Transfer Agent

By: /s/ Denise S. Moore
Name: Denise S. Moore
Title: Assistant Vice President

Exhibit 4.5

EXECUTION COPY

JPMorgan

CREDIT AGREEMENT

among

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.,

The Lenders and Other Financial Institutions Parties Hereto,

and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

Dated as of June 26, 2008

J.P. MORGAN SECURITIES INC., as Arranger

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SCHEDULES

EXHIBITS

CREDIT AGREEMENT, dated as of June 26, 2008, among Iroquois Gas Transmission System, L.P., a Delaware limited partnership (the "Borrower"), the several banks and other financial institutions from time to time parties to this Agreement (the "Lenders"), and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders hereunder (in such capacity, together with its successors in such capacity, the "Administrative Agent").

The Borrower has requested the Lenders to extend credit in the form of Revolving Credit Loans at any time and from time to time prior to the Revolving Credit Termination Date, in an aggregate principal amount at any time outstanding not in excess of $45,000,000.

The proceeds of Revolving Credit Loans may be used by the Borrower for general corporate purposes.

In consideration of the premises, and of the mutual covenants and agreements herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION I.

DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"ABR" means, for any day, a rate per annum (rounded upwards, if necessary, to the next 1116 of I%) equal to the greatest of (a) the Prime Rate in effect on such day, and (b) the Federal Funds Effective Rate in effect on such day plus I /2 of I%. Any change in the ABR due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"ABR Loan" means Loans as to which the applicable rate of interest is based upon ABR.

"Act" has the meaning set forth in subsection I 0.16 hereof.

"Additional Senior Indebtedness" means Indebtedness of the Borrower for borrowed money incurred after the Closing Date and ranking *pari passu* in right of payment with all other Senior Debt.

"Affiliate" of a specified Person means any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the Person specified, or who holds or beneficially owns I 0% or more of the equity interest in the Person specified or I 0% or more of any class of voting securities of the Person specified. For the purposes of this definition, the term "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or

indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Affiliate Subordinated Debt" means unsecured Indebtedness of the Borrower held by any Affiliate of the Borrower, any Partner or an Affiliate of any Partner and subordinated to the Senior Debt on the basis set forth in Schedule 3 hereto.

"Administrative Agent" has the meaning set forth in the first paragraph of this Agreement.

"Agreement" means this Credit Agreement, as amended, supplemented, restated or otherwise modified and in effect from time to time.

"Applicable Margin" means, for any day (except as set forth in the proviso below), with respect to (a) any Eurodollar Loan, 1.00% per annum and (b) any commitment fee, 0.15% per annum.

"Asset Sale" means any sale, transfer, sale-leaseback transaction or other disposition (excluding a merger or consolidation which is in compliance with the covenant set forth in subsection 6.4) in one transaction or a series of related transactions by the Borrower to any Person of (i) all or any of the Capital Stock of any Subsidiary, (ii) all or substantially all of the property and assets of an operating unit or business of the Borrower or any of its Subsidiaries or (iii) any other property and assets of the Borrower outside the ordinary course of business of the Borrower that is .not governed by the provisions hereof applicable to mergers, consolidations and sales of assets of the Borrower; provided that "Asset Sale" shall not include (a) sales or other dispositions of inventory, receivables and other current assets or (b) Distributions permitted to be made under the covenant set forth in subsection 6.3 or (c) sales or other dispositions of assets which constitute (i) redundant, obsolete or worn-out property, tools or equipment no longer used or useful in the Borrower's business and any inventory or other property sold or disposed of in the ordinary course of business and on ordinary business terms and (ii) dispositions contemplated by the Primary Agreements or replacement or successor agreements.

"Authorized Representative" means, with respect to any Person, the person or persons authorized to act on behalf of such Person by its board of directors or management committee or any other governing body of such Person.

"Available Revolving Credit Commitment" means an amount equal to the excess, if any, of the Total Revolving Credit Commitment over the aggregate principal amount of all Revolving Credit Loans then outstanding.

"Board" means the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrower" means Iroquois Gas Transmission System, L.P.

"Borrowing Certificate" means a notice of borrowing and certificate of the Borrower substantially in the form of Exhibit B hereto.

"Borrowing Date" means the Business Day specified by the Borrower in a Borrowing certificate furnished pursuant to subsection 2.4 as a day on which the Lenders are requested to make Loans hereunder.

"Business Day" means, a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in the equity of such Person, outstanding on the Closing Date or issued thereafter, including, without limitation, all partnership interests, common stock and preferred stock.

"Capitalized Lease Obligations" means, for any Person, all obligations of such Person to pay rent or other amounts under a lease of (or other agreement the right to use) Property to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under RAP, and, for purposes herein, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

"Closing Date" means the date on which the conditions specified in subsection 4.1 are satisfied (or waived in accordance with subsection 10.1).

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means, as to any Lender, the Revolving Credit Commitment of such Lender.

"Commitment Percentage" means, as to any Lender, the percentage set forth under the column heading "Commitment Percentage" on Schedule 2, as the same may be changed from time to time pursuant to subsection I 0.6(c).

"Commitment Transfer Supplement" has the meaning set forth in subsection 10.6(c).

"Commonly Controlled Entity" means an entity, whether or not incorporated, which is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group which includes the Borrower and which is treated as a single employer under Section 414 of the Code.

"Consolidated Net Tangible Assets" means, with respect to any Person, as of any date, (a) all amounts that would be shown as assets on a consolidated balance sheet of such Person prepared in accordance with GAAP, less (b) the amount thereof constituting goodwill and other intangible assets as calculated in accordance with GAAP.

"Contractual Obligation" means as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement, the counterparty to which has capital, surplus and undivided profits aggregating in excess of $250 million (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A2" by Moody's and "A" by S&P (or such similar equivalent rating) or higher.

"Debt Service Coverage Ratio" means, for any period, the ratio of (a) Operating Cash Flow for such period to (b) Mandatory Debt Service for such period.

"Default" means any event or circumstance which with notice or lapse of time or both would become an Event of Default.

"Default Rate" means for any day, the ABR for such day plus 2%.

"Defaulting Lender" means a Lender with respect to which a Lender Default is in effect.

"Distribution" means all partnership distributions of the Borrower (in cash, property of the Borrower or obligations) or other payments or distributions on account of, or the purchase, redemption, retirement or other acquisition by the Borrower of, any portion of any partnership interest in the Borrower, and any payments on Affiliate Subordinated Debt:

"Dollars" and" " means dollars in lawful currency of the United States of America.

"Environmental Law" means any and all Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees or other requirements having the force of law of any Governmental Authority relating to the protection of the environment or natural resources, or to emissions, discharges, Releases or threatened Releases of Hazardous Materials into the environment, including, without limitation, ambient air, surface water, groundwater, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as now or may hereafter be in effect.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurodollar Loans" means Loans as to which the applicable rate of interest is based upon the Eurodollar Rate.

"Eurodollar Rate" means, with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Reuters Screen LIBORO I Page (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in Dollars in the London interbank market) as of I I :00 A.M., London time, two Working Days prior to the beginning of such Interest Period. In the event that such rate does not appear on any such page (or otherwise on any such service), the "Eurodollar Rate" for the purposes hereof shall instead be the per annum equal to the average (rounded upward, if necessary, to the nearest I/!6th of 1%) of the respective rates notified to the Administrative Agent by each of the Reference Lenders as the rate at which such Reference Lender is offered Dollar deposits at or about I 0:00 A.M., New York City time, two Working Days prior to the beginning of such Interest Period in the interbank eurodollar market where the eurodollar and foreign currency and exchange operations in respect of its Eurodollar Loans are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to the amount of its Eurodollar Loan to be outstanding during such Interest Period.

"Eurodollar Tranche" has the meaning set forth in subsection 2. I 2.

"Event of Default" means any of the events specified in Section 7; provided that any requirement for the giving of notice, the lapse of time, or both, and/or any other applicable condition set forth in Section 7, has been satisfied.

"Existing Loan Agreement" means the Credit Agreement, dated as of May 30, 2000, among the Borrower, JPMorgan as administrative agent and the financial institutions party thereto, as amended prior to the date hereof and without giving effect to any subsequent amendments, restatements, supplements or modifications thereto.

"Fair Market Value" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Management Committee whose determination shall be conclusive if evidenced by a Management Committee Resolution.

"Federal Funds Effective Rate" means, with respect to each day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average ofthe rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (i) if such day is not a Business Day, the Federal Funds Effective Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Effective Rate for such day shall be the average rate quoted to the Administrative Agent on such day on such transactions as the Administrative Agent may reasonably determine.

"Fee Letter" means the fee letter agreement dated June 26, 2008 between the Borrower and the Administrative Agent, as the same may be amended, supplemented or otherwise modified from time to time.

"FERC" means the Federal Energy Regulatory Commission or any successor thereto having jurisdiction over the transportation of natural gas through the Pipeline.

"Final Date" means the date on which the Revolving Credit Commitments shall have terminated and no Revolving Credit Loans shall be outstanding.

"Final Maturity Date" means, with respect to any Security or any installment thereof or interest thereon, as of any date of determination, the latest date specified in such Security as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable of any Security then outstanding.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time.

"Governmental Approval" means any authorization, consent, opinion, order, approval, license, ruling, permit, certification, exemption, filing or registration from, by or with any Governmental Authority, other than a contract with a Governmental Authority for the acquisition of real property or of an easement or right-of-way over real property owned by it.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantee Obligation" means as to any Person (the "guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counter indemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to

advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term "Guarantee Obligation" shall not include (y) endorsements of instruments for deposit or collection in the ordinary course of business or obligations to reimburse or indemnify a provider of surety or performance bonds incurred in the ordinary course of business or (z) obligations with respect to letters of credit (including trade letters of credit) securing obligations (other than obligations described in (i), (ii), (v) or (vi) of the definition of "Indebtedness") entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement).

"Hazardous Materials" means (a) any petroleum or petroleum products, flammable explosives, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and polychlorinated biphenyls (PCB), in each case to the extent regulated under any Environmental Law; (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous wastes", "restricted hazardous wastes", "toxic substances", "toxic pollutants", "contaminants" or "pollutants", under any applicable Environmental Law; and (c) any other chemical, material or substance, exposure to or Release of which is prohibited, limited or regulated by any Governmental Authority pursuant to any Environmental Law.

"IGTS" means Iroquois Gas Transmission System Inc., a Delaware corporation.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

(i) all indebtedness of such Person for borrowed money;

(ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(iii) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto, but excluding obligations with respect to letters of credit (including trade letters of credit) securing obligations (other than obligations described in (i) or (ii) above or (v), (vi) or (vii) below) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement);

(iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (including Trade Payables), which purchase price is due more than 6 months after the date of placing such property in service or taking delivery and title thereto or the completion of such services;

(v) all Capitalized Lease Obligations of such Person;

(vi) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such

Indebtedness shall be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;

(vii) all Guarantee Obligations of such Person; and

(viii) to the extent not otherwise included in this definition, obligations under Currency Agreements and Interest Rate Agreements.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; provided (A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP, (B) that money borrowed and set aside at the time of the incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest and (C) that Indebtedness shall not include any liability for federal, state, local or other taxes.

"Indemnified Liabilities" has the meaning set forth in subsection I 0.5.

"Insolvency" means, with respect to any Multiemployer Plan, the condition that such plan is insolvent within the meaning of Section 4245 of ERISA.

"Interest Payment Date" means, (a) as to any ABR Loan, the last day of each month and the date on which such Loan is paid or converted into a Eurodollar Loan, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, and (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day which is three months or a whole multiple thereof, after the first day of such Interest Period, and the last day of such Interest Period.

"Interest Period" means, with respect to any Eurodollar Loan:

(i) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two or three months, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto: and

(ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and having the same duration as such next preceding Interest Period, unless (x) a period of a different duration (but not other than a period of one, two or three months) is selected by the Borrower by irrevocable notice to the Administrative Agent not less than three Working Days prior to the last day of the then current Interest Period with respect thereto or (y) notice of conversion to a Loan of another Type is given in accordance with subsection 2. I I;

provided that

(A) if any Interest Period would otherwise end on a day that is not a Working Day, such Interest Period shall be extended to the next succeeding Working Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Working Day;

(B) any Interest Period that begins on the last Working Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Working Day of a calendar month;

(C) the Borrower shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Loan during an Interest Period for such Loan; and

(D) the Borrower shall not select an Interest Period pertaining to a Revolving Credit Loan that ends after the Revolving Credit Termination Date.

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement, the counterparty to which has capital, surplus and undivided profits aggregating in excess of $250 million (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A2" by Moody's and "A" by S&P (or such similar equivalent rating) or higher.

"Investment" means in any Person means any direct or indirect advance, loan or other extension of credit (including, without limitation, by way of guarantee or similar arrangement; but excluding advances to customers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable on the balance sheet of the Borrower) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, bonds, notes, debentures or other similar instruments issued by, such Person, or any transaction that has a substantially similar effect.

"Investment Grade" means an unsecured long-term debt credit rating of "BBB-" or higher by S&P and "Baa3" or higher by Moody's.

"JPMorgan" means JPMorgan Chase Bank, N.A. and any successor thereto by merger, consolidation or otherwise.

"Lender Default" means (a) the failure (which has not been cured) of a Lender to make available its portion of any borrowing or (b) a Lender having notified the Administrative Agent and/or the Borrower that it does not intend to comply with the obligations under subsections 2.2(a) or 2.3(d), in the case of either clause (a) or clause (b) above, as a result of the appointment of a receiver or conservator with respect to such Lender at the direction or request of any regulatory agency or authority.

"Lenders" has the meaning set forth in the first paragraph of this Agreement.

"Lien" means with respect to any Property, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such Property. For purposes herein, a Person shall be deemed to own, subject to a Lien, any Property that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement (other than an operating lease) relating to such Property.

"Loan" means any loan made by any Lender pursuant to this Agreement.

"Loan Documents" means this Agreement and the Notes, if any.

"Majority Lenders" means, at any time, (a) Non-Defaulting Lenders having or holding more than *50%* of the Total Revolving Credit Commitment (less the aggregate Revolving Credit

Commitments of all Defaulting Lenders) at such date, or (b) if the Total Revolving Credit Commitment has been terminated or for the purposes of acceleration pursuant to Section 7, the holders (excluding Defaulting Lenders) of a majority of the outstanding principal amount of the Loans (excluding the Loans of Defaulting Lenders) in the aggregate at such date.

"Management Committee" means a committee comprised of representatives of the Partners which shall have the power to make decisions on behalf of the Borrower.

"Management Committee Resolution" shall mean a copy of a resolution adopted by the Management Committee and delivered to the Administrative Agent.

"Mandatory Debt Service" means for any period, the sum of all scheduled interest, premium, if any, and principal due and payable during such period in respect of all Indebtedness of the Borrower; provided that fees, including any current fees, payable in connection with the issuance of any Additional Senior Indebtedness shall be excluded.

"Material Adverse Effect" means a material adverse effect on (a) the ability of the Borrower to perform its obligations under this Agreement, the Notes, any other Loan Document or any other Senior Debt Agreement, (b) the material rights and remedies of any of the Senior Parties under the Senior Debt Agreements, or (c) the timely payments of any principal or interest on Loans or any of the other Senior Debt Agreements.

"Moody's" means Moody's Investors Service.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 400 I (a)(3) of ERISA, to which the Borrower or any Commonly Controlled Entity is making or accruing, or has previously made or accrued, an obligation to make contributions.

"No Ratings Downgrade" means, that the ratings on the Securities are reaffirmed after consideration of a proposed applicable event as being equal to or higher than the then current rating on the Securities no earlier than 60 days prior to the proposed applicable event by both of the Required Rating Agencies.

"Non-Amortizing Securities" means any series of Securities with (a) a fixed term at the time of issue of five years or longer and (b) scheduled payment terms providing for 35% or more of the initial principal amount of such Securities to become due and payable on the Final Maturity Date of such Securities.

"Non-Defaulting Lender" means each Lender other than a Defaulting Lender.

"Non-Extending Lender" has the meaning set forth in subsection 2.22(a).

"Nonrecourse Indebtedness" means Indebtedness under which the holder thereof shall have no recourse with respect to the non-performance of the obligations of the debtor or obligor under such Indebtedness to make payments of principal of, premium, if any, and interest on such Indebtedness against any Person other than such debtor or obligor, including but not limited to, the Borrower, and any such Indebtedness shall specifically so state.

"Note" means a note in substantially the form of Revolving Credit Note attached hereto as Exhibit A.

"Officer's Certificate" of any Person means, a certificate signed by an Authorized Representative of such Person.

"Operating Agreement" means the Amended and Restated Operating Agreement dated as of February 28, 1997, between Iroquois Pipeline Operating Company and the Borrower.

"Operating Cash Flow" means, for any period, the excess, if any, of (a) all Revenues received during such period, *over* (b) all Operating Expenses paid during such period other than any nonrecurring Operating Expenses incurred in connection with the issuance or retirement of any Senior Debt.

"Operating Expenses" means, for any period, the sum, computed without duplication, of all cash operating and maintenance expenses and required reserves in respect of such expenses of the Borrower, including, without limitation, (a) expenses of administering and operating the Pipeline and of maintaining it in good repair and operating condition payable by the Borrower during such period, (b) direct operating and maintenance costs of the Pipeline (including, without limitation, all payments due and payable under the Operating Agreement and any ground leases and excluding any necessary maintenance-level capital expenditures which are not fully recoverable within one year) payable by the Borrower during such period, (c) insurance costs payable by the Borrower during such period, (d) sales and excise taxes payable by the Borrower with respect to the transportation of natural gas during such period, (e) franchise taxes payable by the Borrower during such period, (f) federal, state and local income taxes payable by the Borrower during such period, (g) costs and fees attendant to the obtaining and maintaining in effect the government approvals payable by the Borrower during such period and (h) legal,

accounting and other professional fees attendant to any of the foregoing items payable by the Borrower during such period. Operating Expenses excludes, to the extent otherwise included, depreciation for such period.

"Operator" means Iroquois Pipeline Operating Company, a Delaware corporation, or any successor thereto under the Operating Agreement.

"Participant" has the meaning set forth in subsection 10.6(b).

"Partner" means any partner under the Partnership Agreement (being, as of the date hereof, the entities defined on Schedule 1).

"Partner Parent" means, with respect to each Partner, the Affiliate of such Partner, if any, with ultimate "control" over such Partner (as such term is used in the definition of "Affiliate") (being, as of the date hereof, the entities identified on Schedule 1).

"Partnership Agreement" means the Amended and Restated Limited Partnership Agreement, dated February 28, 1997, among the Partners, as amended by the First Amendment thereto, dated January 27, 1999, the Second Amendment, dated May 4, 2001 and the Third Amendment, dated as of September 1, 2005.

"PBGC" means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title 10 of ERISA (or any successor).

"Permitted Business Activities" has the meaning set forth in subsection 3.5.

"Permitted Liens" means the Liens set forth in clauses (a) through (h) of subsection 6.2, in accordance with the terms therein.

"Permitted Investments" means:

(i) any Investment in the Borrower (to the extent otherwise permitted hereunder);

(ii) any Temporary Cash Investment;

(iii) loans and advances to officers and employees of the Borrower or any of its Subsidiaries in an aggregate principal amount at any time outstanding not exceeding $2,000,000;

(iv) any Interest Rate Agreement entered into in the ordinary course of business and not for speculative purposes;

(v) Investments existing on the Closing Date and set forth on Schedule 7 hereto and any extensions, renewals or reinvestments thereof, so long as the aggregate amount of all Investments pursuant to this clause is not increased at any time above the aggregate amount of such Investments existing on the date hereof;

(vi) Investments representing capital stock or obligations issued to, the Borrower or any of its Subsidiaries in settlement of claims against any other Person by reason of a composition or readjustment of debt or a reorganization of any debtor of the Borrower or any Subsidiary;

(vii) Investments acquired by the Borrower or any of its Subsidiaries in connection with any Asset Sale permitted under subsection 6.8 to the extent such Investments are non-cash proceeds;

(viii) Investments consisting of extension of trade credit or security deposits made in the ordinary course of business; and

(ix) Investments in businesses or activities permitted under subsection 6.7 provided that such Investment is funded entirely and specifically by a capital contribution to the Borrower by its Partners in accordance with the Partnership Agreement.

"Person" means any natural person, corporation, partnership, firm, association, Government Authority, or any other entity whether acting in an individual, fiduciary or other capacity.

"Pipeline" means, the existing 411-mile interstate natural gas pipeline system extending from the United States – Canada border at Ontario/Waddington, New York, and terminates at its interconnect with the facilities of the Consolidated Edison Company of New York at Hunts Point in Bronx, New York together with all existing appurtenant facilities.

"Plan" means at a particular time, any employee benefit plan (other than a Multiemployer Plan) which is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Administrative Agent as its reference rate in effect at its principal office in New York City (the Prime Rate not intending to be the lowest rate of interest charged by JPMorgan in connection with extensions of credit to debtors).

"Project" means the Pipeline and all material easements, rights-of-way and other material real property interests relating to the Pipeline.

"Primary Agreements" means the Shipper Contracts, the Shipper Guarantees, the Operating Agreement, and all succeeding agreements thereto.

"Projected Debt Service Coverage Ratio" means, at any time of determination thereof, a projection of the Debt Service Coverage Ratio for a period which includes, or consists entirely of, future periods, prepared by the Borrower in good faith based upon assumptions believed by the Borrower to be reasonable.

"Property" means any right or interest in or to assets on property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"Purchasing Lenders" has the meaning set forth in subsection 10.6(c).

"Qualified Financial Institution" means (a) any commercial bank or other financial institution which has capital, surplus and undivided profits of at least $500,000,000 and which is either organized under the laws of the United States or any State thereof or of Canada or is acting through a branch or agency located in the United States, and (b) any other commercial bank or financial institution approved by the Administrative Agent and the Borrower.

"RAP" means regulatory accounting principles.

"Reference Lenders" means JPMorgan, or any replacement of JPMorgan appointed pursuant to subsection 2.14(c).

"Register" has the meaning set forth in clause (d) of subsection 10.6 herein.

"Regulation U" means Regulation U of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin regulations.

"Release" means the release of any Hazardous Material not authorized under any Environmental Law into or upon or under any land or water or air, or otherwise into the environment, including, without limitation, by means of burial, disposal, discharge, emission, injection, spillage, leakage, seepage, leaching, dumping, pumping, pouring, escaping, emptying and placement.

"Reorganization" means with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Repayment Amount" has the meaning set forth in subsection 2.8(b).

"Repayment Date" has the meaning set forth in subsection 2.8(b).

"Replacement Lender" has the meaning set forth in subsection 2.22(c).

"Reportable Event" means any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder with respect to a Plan (other than a Plan maintained by a Commonly Controlled Entity which is considered a Commonly Controlled Entity only pursuant to subsection (m) or (o) of Section 414 of the Code), unless the 30-day notice requirement with respect to such event has been waived by the PBGC.

"Required Rating Agencies" means S&P and Moody's.

"Requirement of Law" means, as to any Person, the certificate of incorporation (or, in the case of the Borrower, the Partnership Agreement) and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation of any Governmental Authority (including, without limitation, any Environmental Law), in each case applicable to such Person or any of its properties, to which such Person or any of its Properties is subject or to which such Person is party, and any determination of an arbitrator or a court or other Governmental Authority.

"Responsible Officer" means, individually, the president, the vice president and Chief Financial Officer of the Operator acting on behalf of the Borrower, and any other individual authorized by the Management Committee of the Operator (as certified by the Borrower to the Lenders in a certificate delivered to the Administrative Agent and not withdrawn in writing) to sign an agreement, certificate or other document on behalf of the Borrower.

"Revenues" means all revenues accruing to the Borrower, calculated in accordance with GAAP. "Revenues" shall include all cash distributions made to the Borrower by its Subsidiaries which are not subject to repayment by law or by contract and shall exclude all revenues accruing to such Subsidiaries which are not so distributed.

"Revolving Credit Loan" has the meaning set forth in subsection 2.2(a).

"Revolving Credit Commitment" means, (a) in the case of each Lender that is a Lender · on the date hereof, the amount set forth opposite such Lender's name on Schedule 2 as such Lender's "Revolving Credit Commitment" and (b) in the case of any Lender that becomes a Lender after the date hereof, the amount specified as such Lender's "Revolving Credit Commitment" in the Commitment Transfer Supplement pursuant to which such Lender assumed a portion of the Total Revolving Credit Commitment, in each case as the same may be changed from time to time pursuant to the terms hereof.

"Revolving Credit Termination Date" means the date which is 364 days after the date hereof; provided that if any such day is not a Business Day, then the Revolving Credit Termination Date shall be the immediately preceding Business Day.

"S&P" means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc., or any successor thereto.

"Securities" means, collectively, the $200,000,000 8.68% Senior Notes due 2010, the $170,000,000 6.10% Amortizing Senior Notes due in 2027 and any other debt securities, authenticated and issued pursuant to the Senior Indenture.

"Senior Debt" means Indebtedness in respect of the Loans, this Agreement, the Securities, the "Loans" under the Existing Loan Agreement and any Additional Senior Indebtedness.

"Senior Debt Agreements" means all agreements, documents and instruments evidencing and/or securing the Senior Debt or pursuant to which Senior Debt is issued, including, without limitation, this Agreement and, so long as any Securities remain outstanding, the Senior Indenture.

"Senior Indenture" means the Indenture, dated as of May 30, 2000, between the Borrower and The Bank of New York, as Trustee, as it may from time to time be supplemented or amended by a Management Committee Resolution and an Officer's Certificate issued pursuant thereto or by one or

more Series Supplemental Indentures entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Securities established as contemplated by the provisions therein.

"Senior Parties" means the Persons that have extended, or that are obliged to extend, credit to the Borrower pursuant to the Senior Debt Agreements and any agent, trustee or similar representative of any such Persons appointed pursuant to any Senior Debt Agreement.

"Series Supplemental Indenture" means an indenture supplemental to the Senior Indenture entered into by the Borrower and the Trustee for the purpose of establishing, in accordance with the Senior Indenture, the title, form and terms of the Securities of any series; "Series Supplemental Indentures" shall mean each and every Series Supplemental Indenture. ·

"Shipper" means each Person who enters into a Shipper Contract with the Borrower.

"Shipper Contracts" means contracts between the Borrower and the Shipper for the transportation services on the Pipeline which may be firm transportation service contracts that are long-term (or multi-year) or short-term (less than one year) or interruptible transportation contracts.

"Shipper Guarantees" means those agreements providing financial and performance guarantees to the Borrower on behalf of certain shippers or under firm transportation contracts ..

"Significant Subsidiary" means Iroquois Pipeline Operating Company (or any successor operator of the Pipeline) and any of the Borrower's Subsidiaries which meet any of the following conditions:

(1) the Borrower and its other Subsidiaries' investments in and advances to such Subsidiary exceed 10 percent of the Borrower's total assets and the Borrower's Subsidiaries' total assets consolidated as of the end of the most recently completed fiscal year; or

(2) the Borrower and its other Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of such Subsidiary exceeds 10 percent of the Borrower's total assets and the Borrower's Subsidiaries' total assets consolidated as of the end of the most recently completed fiscal year; or

(3) the Borrower and its other Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of such Subsidiary exceeds 10 percent of such of the Borrower's income and of the Borrower's Subsidiaries consolidated for the most recently completed fiscal year.

"Subsidiary" means, with .respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or. other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

"Taxes" has the meaning set forth in subsection 2.19.

'Temporary Cash Investment" means any of the following:

(i) direct obligations of the United States of America or Canada or any agency thereof or obligations fully and unconditionally guaranteed by the United States of America or Canada or any agency thereof;

(ii) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of $250 million and has outstanding debt which is rated "A" by S&P and "A2" by Moody's (or such similar equivalent rating) or higher or any money-market fund having assets in excess of $250 million consisting of obligations described in this clause (ii) sponsored by a registered broker dealer or mutual fund distributor;

(iii) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (i) above entered into with a bank or trust company meeting the qualifications described in clause (ii) above;

(iv) commercial paper, maturing not more than 90 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Borrower) organized and in existence under the laws of the United States of America, any state thereof or Canada with a rating at the time as of which any investment therein is made of"P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P; and

(v) securities with maturities of six months or less from the date of acquisition issued or fully and unconditionally guaranteed by any state of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P and at least "A2"

by Moody's.

"Total Capitalization" means, as of any date, the sum of (a) the Indebtedness of the Borrower on such day plus (b) all amounts that would be shown as Partner's equity on a balance sheet of the Borrower as of such date prepared in accordance with GAAP.

"Total Revolving Credit Commitment" means the sum of the Revolving Credit Commitments of all the Lenders.

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transfer Effective Date" means the transfer date specified in the Commitment Transfer Supplement.

"Transaction Documents" means the Loan Documents and the Primary Agreements.

"Transferee" has the meaning set forth in subsection I 0.6(f). ·

"Trustee" has the meaning set forth in the Senior Indenture.

"Type "means, as to any Loan, its nature as an ABR Loan or a Eurodollar Loan.

"Working Day" means any Business Day on which dealings in foreign currencies (including Dollars) and exchange between banks may be carried on in London, England.

1.2 Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Notes or any certificate or other document made or delivered pursuant hereto.

(b) As used herein and in the Notes, and in any certificate or other document made or delivered pursuant hereto, accounting terms relating to the Borrower not defined in subsection 1.1 and accounting terms partly defined in subsection 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP.

(c) The words "hereof', "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 2.

AMOUNT AND TERMS OF CREDIT

2.1 [Intentionally Omitted].

2.2 Revolving Credit Commitments. (a) Subject to and upon the terms and conditions of this Agreement (including subsection 2.3(a)), each Lender having a Revolving Credit Commitment severally agrees to make a loan or loans (each, a "Revolving Credit Loan" and collectively, the "Revolving Credit Loans") to the Borrower, which Revolving Credit Loans (i) shall be made at any time and from time to time from and after the Closing Date and prior to the Revolving Credit Termination Date, (ii) may be repaid and re borrowed in accordance with the terms hereof, (iii) shall not, after giving effect thereto and the application of the proceeds thereof exceed in the aggregate the Revolving Credit Commitment of such Lender at such time and (iv) shall not, after giving effect thereto and the application of the proceeds thereof exceed in the aggregate the Total Revolving Credit Commitment then in effect. On the Revolving Credit Termination Date, all Revolving Credit Loans shall be repaid in full.

(b) The proceeds of the Revolving Credit Loans shall be used by the Borrower exclusively for the purposes described in subsection 3.17.

(c) Subject to subsection 2.12, the Revolving Credit Loans may from time to time be (i) Eurodollar Loans, (ii) ABR Loans or (iii) a combination thereof, as determined by the Borrower and notified to the Administrative Agent in accordance with subsections 2.5 and 2.11.

2.3 [Intentionally Omitted].

2.4 Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to the appropriate lending office of such Lender resulting from each Loan made by such lending office to such Lender from time to time, including the amounts of principal and interest payable and paid to such lending office of such Lender from time to time under this Agreement.

(b) The Administrative Agent shall maintain the Register pursuant to subsection 10.6(d), and a subaccount for each Lender, in which Register and subaccounts (taken together) shall be recorded (i) the amount of each Loan made hereunder, the Type of each Loan made and the Interest Period applicable thereof, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(c) The entries made in the Register and accounts and subaccounts maintained pursuant to paragraphs (a) and (b) of this subsection 2.4 shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain such account, such Register or such subaccount, as applicable, or any error therein shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Loans made to the Borrower by such Lender in accordance with the terms of this Agreement.

(d) In order to facilitate any pledge or assignment as provided in subsection 10.6(h), the Borrower hereby agrees that, upon request of any Lender at any time and from time to time after the Borrower has made its initial borrowing hereunder, the Borrower shall provide to such Lender, at the Borrower's own expense, a promissory note, substantially in the form of Exhibit A, evidencing the Revolving Credit Loans owing to such Lender.

2.5 Procedure for Borrowings. Each borrowing by the Borrower hereunder shall be on a Working Day, if all or any part of such Loans initially are to be Eurodollar Loans, or a Business Day, if all or any part of such Loans initially are to be ABR Loans, provided that the Borrower shall deliver to the Administrative Agent a Borrowing Certificate (which certificate, to be effective on the requested Borrowing Date, must be received by the Administrative Agent (i) prior to 12:00 Noon, New York City time, three (3) Working Days prior to the requested Borrowing Date, if all or any part of such Loans initially are to be Eurodollar Loans or (ii) prior to I0:00 A.M., New York City time, on the requested Borrowing Date, if all or any part of such Loans initially are to be ABR Loans, provided that if such certificate is received after the specified time on the relevant Working Day or Business Day, such certificate shall be effective, and the requested Borrowing Date shall be deemed to be, the Working Day or Business Day (as applicable) next succeeding the requested Borrowing Date specified in such certificate), specifying (A) the amount to be borrowed, (B) the requested Borrowing Date, (C) whether such Loans are to be Eurodollar Loans, ABR Loans or a combination thereof and (D) if such Loans are to be entirely or partly Eurodollar Loans, the respective amounts of such Type of Loan and the respective durations of the initial Interest Periods therefor. Each borrowing of Revolving Credit Loans shall be in an amount equal to $1,000,000 or a whole multiple thereof (or such lesser amount as shall equal the then unborrowed amount of the Total Revolving Credit Commitment). Upon receipt of each Borrowing Certificate, the Administrative Agent shall promptly notify each Lender thereof. Each Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the office of the Administrative Agent specified in subsection I0.2 prior to 12:00 Noon, New York City time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. The Administrative Agent then will make the amount of such borrowing available to the Borrower prior to 2:00P.M., New York City time, on such date (i) by crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent, or (ii) if so requested by the Borrower in the related Borrowing Certificate, by initiating the transfer of such amounts made available to the Administrative Agent in like funds to the Federal Reserve Bank of New York for the account of a member bank designated by the Borrower in such Borrowing Certificate.

2.6 Fees. (a) The Borrower agrees to pay to the Administrative Agent, for the account of each Lender having a Revolving Credit Commitment (in each case pro rata according to the respective Revolving Credit Commitments of all such Lenders), a commitment fee on the daily average of such Lenders' pro rata share of the Available Revolving Credit Commitments, for the period from and including the Closing Date to but excluding the Final Date. Such commitment fee shall be computed for each day during such period at a rate per annum equal to the applicable percentage set forth in the definition of Applicable Margin for such day on the Total Revolving Credit Commitment in effect on such day. Each such commitment fee shall be payable quarterly in arrears on the last day of each March, June, September and December, commencing on the first of such dates to occur after the date hereof, and on the Final Date.

(b) The Borrower agrees to pay to the Administrative Agent, for its own account, the underwriting fee set forth in the Fee Letter. Such underwriting fee shall be payable on the Closing Date.

2.7 Reductions and Terminations of Commitments. (a) The Borrower may, upon not less than five (5) Business Days' prior irrevocable notice to the Administrative Agent, terminate in whole, or from time to time reduce, the then unborrowed amount of the Total Revolving Credit Commitment; provided that prior to or concurrently with the receipt of notice of any such termination or reduction, the Lenders shall have received evidence, satisfactory to the Administrative Agent that, together with a certificate from a Responsible Officer stating that, after giving effect to such termination or reduction, the Borrower will be in compliance with subsection 5.6. Any such termination or reduction shall be in a minimum amount of $500,000 and shall reduce permanently the Total Revolving Credit Commitment.

(b) The Total Revolving Credit Commitment shall terminate at 5:00 P.M. (New York time) on the Revolving Credit Termination Date.

(c) The Total Revolving Credit Commitment shall automatically and permanently reduce to $10,000,000 on the date of the final drawdown under a bond offering by the Borrower during the term of this Agreement, if the Total Revolving Credit Commitment has not been reduced to such amount prior to such date.

2.8 Repayment of Loans. The Borrower shall repay to the Administrative Agent, for the benefit of the Lenders, on the Revolving Credit Termination Date, the then unpaid Revolving Credit Loans.

2.9 Optional Prepayments. The Borrower may at any time and from time to time prepay the Revolving Credit Loans, in whole or in part, without premium or penalty, in the case of Eurodollar Loans, upon at least five (5) Business Days' prior irrevocable notice to the Administrative Agent, and in the case of ABR Loans, upon at least one (1) Business Day's prior irrevocable notice to the Administrative Agent. Each such notice shall specify (a) the Loans to be prepaid on such date and amount of the prepayment, (b) whether the prepayment is of Eurodollar Loans, ABR Loans or a combination thereof, and, if of a combination thereof, the amount of the prepayment allocable to each, and (c) whether the Loans to be prepaid are Revolving Credit Loans, and, if a combination thereof, the amount of the prepayment allocable to each. Upon receipt of any such notice, the Administrative Agent shall promptly notify each Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to such date on the amount to be prepaid and any amounts payable pursuant to subsection 2.20 with respect to the Loans to be so prepaid. Partial prepayments shall be in an aggregate principal amount of $1,000,000 or a whole multiple of $1,000,000 in excess thereof.

2.10 Mandatory Prepayments. Unless the Majority Lenders shall otherwise agree, on or before the date of any mandatory reduction in the Total Revolving Credit Commitment pursuant to Section 2.7 hereof, the Borrower shall prepay the Loans in an amount necessary so that after giving effect to such prepayment the aggregate outstanding amount of Revolving Credit Loans hereunder shall not exceed $10,000,000.

2.11 Conversion and Continuation Options. (a) The Borrower may elect from time to time to convert all or a portion of Eurodollar Loans to ABR Loans by giving the Administrative Agent irrevocable notice of such election (which notice, to be effective, must be received by the Administrative Agent prior to 12:00 Noon, New York City time, three (3) Working Days prior to the requested conversion date); provided that any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert all or a portion of ABR Loans to Eurodollar Loans by giving the Administrative Agent irrevocable notice of such election (which notice, to be effective, must be received by the Administrative Agent prior to 12:00 Noon, New York City time, three (3) Working Days prior to the requested conversion date. Any such notice of conversion shall specify (i) the aggregate principal amount being converted, (ii) the Type of Loan such principal amount is being converted into, (iii) the requested conversion date and (iv) in the case of a conversion to Eurodollar Loans shall specify the duration of the initial Interest Period or Interest Periods therefor. Upon receipt of any such notice the Administrative Agent shall promptly notify each Lender thereof. All or any part of outstanding Eurodollar Loans and ABR Loans may be converted as provided herein; provided that (i) no Loan may be converted to a Eurodollar Loan when any Event of Default has occurred and is continuing and the Majority Lenders have determined that such a conversion is not appropriate and (ii) no such conversion maybe made to the extent it would contravene the provisions of subsection 2.12 or if it would not be permitted under the provisions of subsection 2.15 or 2.17.

(b) All or a portion of Eurodollar Loans (i) may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving notice to the Administrative Agent (which shall promptly notify the Lenders), in accordance with the applicable provisions of the term “Interest Period” set forth in subsection 1.1, of the duration of the next Interest Period to be applicable to such Loans, and (ii) shall be continued as such upon the expiration of the current Interest Period with respect thereto for an Interest Period of the same duration as such expiring Interest Period if the Borrower shall fail to give the notice referred to in the preceding clause (i) or to give a conversion notice in accordance with subsection 2.11(a); provided that no Eurodollar Loan will be continued as such (A) when any Event of Default has occurred and is continuing and the Majority Lenders have determined that such a continuation is not appropriate or (B) if such continuation would contravene the provisions of subsection 2.12 or if it would not be permitted under the provisions of subsection 2.15 or 2.17; and provided, further, that if such continuation is not permitted pursuant to the preceding proviso such Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period.

2.12 Minimum Eurodollar Amount; Maximum Number of Tranches. All borrowings, conversions and continuations of Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, (i) at no time will the aggregate number of Eurodollar Tranches exceed ten and (ii) the aggregate principal amount of any Eurodollar Tranche being continued or converted into shall equal $1,000,000 or an integral multiple of $1 ,000,000 in excess thereof. As used in this subsection 2.12 and in the definition of “Interest Period”, the term “Eurodollar Tranche” is the collective reference to Eurodollar Loans, the Interest Periods with respect to which begin on the same date and end on the same later date (whether or not such Eurodollar Loans shall originally have been made on the same day).

2.13 Interest Rates and Payment Dates. (a) Each Eurodollar Loan shall bear interest for each day (including the first day but excluding the last day) during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each ABR Loan shall bear interest at a rate per annum equal to the ABR.

(c) If all or a portion of the principal amount of any Loan or any other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum which is (i) in the case of overdue principal, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this subsection plus 2% or (ii) in the case of any other overdue amount, the Default Rate, in each case from the date of such non-payment until such amount is paid in full (after as well as before judgment).

(d) Interest shall be payable in arrears on each Interest Payment Date; provided that interest accruing pursuant to paragraph (c) of this subsection shall be payable on demand.

2.14 Computation of Interest and Fees. (a) Interest on ABR Loans and commitment fees shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. Interest on Eurodollar Loans shall be calculated on the basis of a 360-day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of a Eurodollar Rate. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to subsection 2.13(a).

(c) If any Reference Lender’s Revolving Credit Commitment shall terminate or all its Loans shall be assigned for any reason whatsoever, such Reference Lender shall, upon appointment of a new Reference Lender, cease to be a Reference Lender and the Administrative Agent (after consultation with the Lenders) and the Borrower shall designate another Lender as a Reference Lender so that there shall at all times be at least two Reference Lenders. The Administrative Agent shall notify the Lenders of any change in the Reference Lenders.

(d) Each Reference Lender shall use its best efforts to furnish quotations of rates to the Administrative Agent as contemplated hereby. If any of the Reference Lenders shall be unable or shall otherwise fail to supply such rates to the Administrative Agent upon its request, the rate of interest shall, subject to the provisions of subsection 2.15, be determined on the basis of the quotations of the remaining Reference Lenders or Reference Lender.

2.15 Inability to Determine Interest Rate. In the event that, prior to the first day of any Interest Period, (a) the Administrative Agent shall have determined (which determination shall, be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or (b) the Administrative Agent shall have received notice from the Majority Lenders (which notice shall be conclusive and binding on the Borrower) that the Eurodollar Rate determined or to be determined for

such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their affected Loans during such Interest Period, the Administrative Agent shall give telex,

telecopy or telephonic notice thereof (stating the reason therefor) to the Borrower and the Lenders as soon as practicable. If such notice is given (i) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as ABR Loans, (ii) any Loans that were to have been converted on.the first day of such Interest Period to Eurodollar Loans shall be converted to or continued as ABR Loans and (iii) any outstanding Eurodollar Loans shall be converted, on the first day of such Interest Period, to ABR Loans. Until such notice has been withdrawn by the Administrative Agent or, in the case of any notice given by the Majority Lenders pursuant to clause (b) of the first sentence of this subsection, by the Majority Lenders, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrower have the right to convert Loans to Eurodollar Loans as the case may be.

2.16 Pro Rata Treatment and Payments. (a) Each borrowing of Revolving Credit Loans by the Borrower from the Lenders hereunder, each payment by the Borrower on account of any commitment fees hereunder and any reduction of the Revolving Credit Commitments of the Lenders shall be made pro rata according to the respective Commitment Percentages of the Lenders. Each payment (including each prepayment) by the Borrower on account of principal of and interest on Revolving Credit Loans, as the case may be, shall be made pro rata according to the respective outstanding principal amounts of such Loans then held by the Lenders. All payments (including prepayments) to be made by the Borrower hereunder and under the Notes on account of principal of and _interest on the Loans and commitment fees shall be made without set off or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Administrative Agent's office specified in subsection 10.2, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. All payments on account of arrangement and annual administrative fees shall be made without set off or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for its own account, at the Administrative Agent's office specified in subsection 10.2, in Dollars and in immediately available funds. Any other amount received by the Administrative Agent which is payable to any Lender pursuant to the provisions of this Agreement shall be distributed by the Administrative Agent to such Lender promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Working Day, the maturity thereof shall be extended to the next succeeding Working Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Working Day.

(b) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a Borrowing Date that such Lender will not make the amount that would constitute its Commitment Percentage of the borrowing on such date available to the Administrative Agent, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such Borrowing Date, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is made available to the Administrative Agent by such Lender on a date after such Borrowing Date, such Lender shall pay to the Administrative Agent on demand an amount equal to the product of (i) the daily average Federal Funds Effective Rate during such period as quoted by the Administrative Agent, times (ii) the amount of such Lender's Commitment Percentage of such borrowing, times (iii) a fraction, the numerator of which is the number of days that elapse from and including such Borrowing Date to the date on which such Lender's Commitment Percentage of such borrowing shall have become immediately available to the Administrative Agent and the denominator of which is 360. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this subsection shall be conclusive in *the* absence of manifest error. If such Lender's Commitment Percentage of such borrowing is not in fact

made available to the Administrative Agent by such Lender within three (3) Business Days after such Borrowing Date, the Administrative Agent shall be entitled to recover such amount with interest thereon at the rate per annum applicable to ABR Loans hereunder, on demand, from the Borrower.

2.17 Illegality. Notwithstanding any other provision of the Agreement, if any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for any· Lender to make or maintain Eurodollar Loans as contemplated by this Agreement, such Lender shall give telex, or telecopy thereof to the Borrower and the Administrative Agent (specifying the reason for such illegality) as soon as practicable and (a) the commitment of such Lender hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert ABR Loans to Eurodollar Loans shall forthwith be suspended until such time as such Lender informs the Administrative Agent that it is no longer unlawful for such Lender to make or maintain Eurodollar Loans and (b) such Lender's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to ABR Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to subsection 2.20 with respect to such conversion.

2.18 Requirements of Law. (a) In the event that any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any Note or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for changes with respect to (i) "Taxes" as defined in subsection 2.19, (ii) rates of any taxes and (iii) taxes imposed on the overall net income of such Lender (and taxes imposed in lieu of taxes on overall net income) by the jurisdiction in which such Lender is organized or where its lending branch or a principal office is located or by any political subdivision or taxing authority within any of the foregoing, or by any other jurisdiction that are imposed solely as a result of a future, past or present connection between such jurisdiction and such Lender (other than a connection arising solely from the Lender having executed, delivered or performed its obligations, received payments under, or enforced, this Agreements and the Notes));

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount which such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or to reduce any amount receivable under this Agreement and the Loan Documents in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable; provided, however, that such Lender shall not be entitled to receive any such additional amounts to the extent the same constitute compensation for an increased cost or reduced amount receivable incurred by such Lender which is payable, or which is applicable to any period, more than ninety (90) days prior to the date the Borrower is first notified by such Lender of the event which caused such increase or reduction. A

certificate as to any additional amounts payable pursuant to this subsection, accompanied by an explanation of the basis thereof, submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error.

(b) In the event that any Lender shall have determined that any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof does or shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor accompanied by an explanation of the basis thereof(which shall be conclusive in the absence of manifest error), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction; provided, however, that such Lender shall not be entitled to receive any such additional amounts to the extent the same constitute compensation for a reduction in rate of return incurred more than ninety (90) days prior to the date the Borrower was first notified hereunder of the change or compliance which caused such reduction.

(c) The provisions of this subsection 2.18 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.19 Taxes. (a) All payments made by the Borrower under this Agreement and the Notes shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, deductions, withholdings or similar charges or fees, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding, in the case of the Administrative Agent and each Lender, (i) Taxes imposed on income (gross or net), capital, net worth, profits or gain, and franchise taxes imposed on or in respect of a Lender or the Administrative Agent by the jurisdiction (a) under the laws of which such Lender or the Administrative Agent , as the case may be, is organized, (b) in the case of a Lender, where its lending branch or a principal place of business is located, or (c) in the case of the Administrative Agent, where it performs its functions as the Administrative agent under this Agreement, provided that, in the case of(b) and (c), such jurisdiction shall not include any jurisdiction where a lending branch or principal place of business is deemed to be located or where administrative functions are deemed to be performed, in each case solely as a result of such Lender or the Administrative Agent's participation in the transactions contemplated by this Agreement, (ii) taxes imposed on income (gross or net), capital, net worth, profits or gain and franchise taxes imposed on the Administrative Agent or such Lender, as the case may be, as a result of a future, present or former connection between the jurisdiction of the government or taxing authority imposing such tax and the Administrative Agent or such Lender, as the case may be (excluding a connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or the Notes), (iii) any taxes that would not have been required to be withheld if the Administrative Agent or such Lender timely furnished the Borrower a United States Internal Revenue Service Form W-8BEN or W-8ECI or successor applicable form as required by paragraph (b) below and (i) any taxes that would have not been required to be withheld but for the representation made in paragraph (b)(i) below failing to be correct (all such non-excluded taxes, levies, imposts, duties, charges, fees, deductions and withholdings being herein called "Taxes"). The Borrower shall reimburse the Administrative Agent and each Lender for the cost of any Taxes imposed on the Administrative Agent or such Lender or on any payment made with respect to any Loan or Note or the making, execution or enforcement thereof. If any Taxes are required to be

withheld from any amounts payable to the Administrative Agent or any Lender hereunder or under the Notes, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Taxes) the amount that such Lender or the Administrative Agent, as the case may be, would have received had no such Taxes been withheld. Whenever any Taxes are payable by the Borrower, on or before the fourteenth day after payment, the Borrower shall send to the Administrative Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof, or if unavailable, other evidence of such payment. If the Borrower fails to pay any Taxes when due to the appropriate taxing authority, the Borrower shall indemnity the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure. The agreements in this subsection shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(b) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (i) represents to the Borrower that either (x) as of the date it becomes a party to this Agreement it is entitled to the benefits of an income tax convention between its country of residence and the United States whereunder payments to it of amounts payable hereunder are completely exempt from the withholding of United States Federal income tax so long as the payments are not effectively connected with a United States permanent establishment or (y) consistent with legal standards in effect on the date it becomes a party to this Agreement (and assuming no change in such legal standards) the income derived herefrom by it is and will be effectively connected with the conduct of a United States trade or business and is subject and will be subject to tax under Section 882 of the Code and (ii) agrees that it will deliver to the Borrower and the Administrative Agent two duly completed copies (or, at the request of the Borrower, such other number as may be required under U.S. federal income tax law) of United States Internal Revenue Service Form W-8BEN or W-8ECI or successor applicable form, as the case may be. Each such Lender also agrees to deliver to the Borrower and the Administrative Agent two further copies of the said Form W-8BEN or W-8ECI, or successor applicable forms or other manner of certification, as the case may be, on or before the date that any such form expires or becomes obsolete or after the

occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower, and such extensions or renewals thereof as may reasonably be requested by the Borrower or the Administrative Agent, unless in any such case an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises the Borrower and the Administrative Agent.

(c) In the event that an additional payment is made under subsection 2.18 or this subsection 2.19 for the account of any Lender and such Lender, in its sole discretion, determines that it has finally and irrevocably received or been granted a tax credit, deduction or similar tax savings by reason of, or calculated with reference to, the deduction or withholding giving rise to such payment, such Lender shall, to the extent that it determines that it can do so without prejudice to the retention of the amount of such credit, deduction or similar tax savings, pay to the Borrower, such amount as such Lender shall, in its reasonable opinion, have determined to be attributable to such deduction or withholding and which will leave such Lender (after such payment and after payment of any costs of obtaining such credit, deduction or similar tax savings) in no worse position than it would have been in if the Borrower had not been required to make such deduction or withholding. Nothing herein contained shall interfere with the right of a Lender to arrange its tax affairs in whatever manner it thinks fit and, in particular, a Lender shall not be under any obligation to claim relief from corporate profits or similar tax liability in respect of any such deduction or withholding in priority to any other credit, deduction or similar tax savings available to them nor oblige any Lender to disclose any information relating to its tax affairs or any computations in

respect thereof or require any Lender to do anything that would prejudice its ability to benefit from any other credits, deductions or similar tax savings to which it may be entitled.

(d) If any Lender or the Administrative Agent is or becomes eligible under any applicable law, regulation, treaty or other rule to a reduced rate of taxation, or a complete exemption from withholding, with respect to Taxes on payments made to it by the Borrower, such Lender or the Administrative Agent, as the case may be, shall, upon the request, and at the cost and expense, of the Borrower, complete and deliver from time to time any certificate, form or other document demanded by the Borrower, the completion and delivery of which are a precondition to obtaining the benefit of such reduced rate or exemption, provided that the taking of such action by such Lender or Administrative Agent would not, in the reasonable judgment of such Lender or the Administrative Agent, be disadvantageous or prejudicial to such Lender or the Administrative Agent or inconsistent with its internal policies or legal or regulatory restrictions. For any period with respect to which a Lender or the Administrative Agent, as the case may be, has failed to provide any such certificate, form or other document demanded by the Borrower, such Lender or the Administrative Agent, as the case may be, shall not be entitled to any payment under subsection 2.18 or this subsection 2.19 in respect of any Taxes that would not have been imposed but for such failure.

(e) In the event that a Lender or the Administrative Agent receives written communication from any Governmental Authority with respect to an assessment or proposed assessment of any Taxes, such Lender or Administrative Agent shall, within a reasonable period of time, notify the Borrower in writing and shall provide a copy of such communication to the Borrower.

2.20 Funding Indemnity. The Borrower agrees to indemnify each Lender and to hold each Lender harmless from any loss or expense which such Lender may sustain or incur as a consequence of (a) default by the Borrower in payment when due of the principal amount of or interest on any Eurodollar Loan, (b) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (c) default by the Borrower in making any prepayment on the date specified for such prepayment in this Agreement or in the notice of prepayment given by the Borrower pursuant to this Agreement, or (d) the making of a payment or prepayment of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto, including, without limitation, in each case, any such loss (other than non-receipt of the Applicable Margin) or expense arising from the reemployment of funds obtained by it or from fees payable to terminate the deposits from which such funds were obtained. The provisions of this subsection 2.20 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.21 Filing of Certificates; Change of Lending Office. If any Lender claims additional amounts pursuant to subsection 2.18 or 2.19 such Lender shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by the Borrower or to change the jurisdiction of its applicable lending office if the making of such a filing or the change in such office would avoid the need for, or reduce the amount of, any such additional amounts which may thereafter accrue and would not, in the reasonable determination of such Lender, be otherwise disadvantageous to such Lender.

SECTION 3.

REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement, and to induce the Lenders to make the Loans, the Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

3.1 Financial Position. The consolidated balance sheet of the Borrower and its Subsidiaries at December 31, 2007, and the related consolidated statements of operations and cash flows for the fiscal year ended as of such date, which statements have been audited by Blum Shapiro, independent certified public accountants, who delivered an unqualified opinion with respect thereto, in each case present fairly in all material respects the consolidated financial position of the Borrower and its Subsidiaries at such dates and the results of its operations and its cash flows for the fiscal periods then ended. Such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as disclosed therein). All material liabilities of the Borrower and its Subsidiaries, direct or indirect, absolute or contingent, as of the date of this Agreement, are either disclosed in the balance sheet as at December 31, 2007 or have been disclosed in writing by the Borrower to the Lenders prior to the date of this Agreement.

3.2 No Change. Since December 31, 2007, (a) there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect, and (b) no distributions have been declared, paid or made to the Partners other than as permitted by subsection 6.4.

3.3 Organization, Power and Status of the Borrower; Compliance with Law; Partners and Partner Parents. The Borrower (i) is a limited partnership duly formed, validly existing and in good standing under the laws of the State of Delaware, (ii) has all requisite partnership power and authority, and the legal right, to execute, deliver and perform this Agreement and the Notes and to borrow hereunder, to execute, deliver and perform each other Loan Document to which the Borrower is a party,, (iii) has all requisite partnership power and authority, and the legal right, to own and operate the Pipeline and to carry on its business as now being conducted and as proposed to be conducted, and to take all action as may be necessary to complete the transactions contemplated under this Agreement, the Notes, each other Loan Document, (iv) is duly qualified, authorized to do business and in good standing in the States of New York and Connecticut, and in each other jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary and where failure so to qualify could reasonably be expected to have a Material Adverse Effect and (v) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect. The Partners and their respective Partner Parents, partnership interests, voting bloc and voting bloc interests as in effect on the Closing Date are set forth on Schedule 1.

3.4 Authorization; Enforceable Obligations. The Borrower has taken all necessary partnership action to authorize the execution, delivery and performance of this Agreement and the Notes and the borrowings contemplated to be made by it hereunder. This Agreement, the Notes to which the Borrower is a party have been duly executed and delivered by the Borrower. This Agreement and the Notes to which the Borrower is a party constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

3.5 Subsidiaries; Business. As of the Closing Date, the Borrower does not have any Subsidiaries other than the Operator and IGTS, Inc. Each Subsidiary of the Borrower (i) is a duly organized and validly existing corporation or other entity in good standing under the laws of the

jurisdiction of its organization and has the corporate or other organizational power and authority, and the legal right, to own its property and assets and to transact the business in which it is engaged, (ii) is duly qualified, authorized to do business and in good standing in each jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary and where failure so to qualify· could reasonably be expected to have a Material Adverse Effect and (iii) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any of its Subsidiaries is engaged in any business activity other than (i) the business activities engaged in on the Closing Date; (ii) business activities associated with, or incidental to, the operation, maintenance or expansion of the Pipeline or the storage of natural gas; (iii) business activities associated with, or incidental to, (w) the processing or shipping of natural gas, (x) the processing, shipping or storage of natural gas liquids, (y) the installation and leasing or rental of fiber optic or similar cable or (z) the construction or operation of facilities for the generation of electricity using waste heat from the Pipeline's waste heat, in all such cases related to the operation of the Pipeline; or (iv) business activities (including investments) associated with, or intended to induce, the supply of gas for transportation on the Pipeline or the consumption of gas transported by the Pipeline (such business activities, collectively, "Permitted Business Activities"), provided, that under no circumstance shall the Borrower engage or invest in, or permit its Subsidiaries to engage or invest in, (A) any business or activity related to the exploration and production of hydrocarbons or (B) any business or activity described in clauses (iii) or (iv) above that would cause the Consolidated Net Tangible Assets of the Borrower and its Subsidiaries attributable to all their businesses and investments described in clauses (iii) and (iv) above to exceed 10% of the amount of the Consolidated Net Tangible Assets of the Borrower and its Subsidiaries attributable to all their businesses and investments described in clauses (i) and (ii) above.

3.6 No Legal Bar or Burdensome Restrictions. The execution, delivery and performance of this Agreement, the Notes, the other Loan Documents to which the Borrower is a party, and the borrowings hereunder and the use of the proceeds thereof by the Borrower, will not result in a violation of any Requirement of Law applicable to the Borrower or result in a violation of (i) the Partnership Agreement or any Loan Document or (ii) any other Contractual Obligation of the Borrower which could reasonably be expected to have a Material Adverse Effect, and will not result in, or require, the creation or imposition of any Lien on any of its properties or revenues pursuant to any Requirement of Law applicable to the Borrower or the Partnership Agreement or any Contractual Obligation of the Borrower. No Contractual Obligation of the Borrower or any of its Subsidiaries has or is reasonably expected to have a Material Adverse Effect.

3.7 Governmental Approvals and Other Consents and Approvals. No Governmental Approval or other consent or approval of third parties is required in connection with the execution, delivery and performance of the Loan Documents by the Borrower. No material Governmental Approval is required for the Borrower to own and operate the Pipeline, to transport up to 987 MDth/d of natural gas through the Pipeline and to carry on its business as now being conducted and as proposed to be conducted by it, or for the Borrower, or the Operator (in its capacity as operator of the Pipeline), to participate in the transactions contemplated by this Agreement, the other Loan Documents, except for those Governmental Approvals which have been duly obtained or made, have been accepted by the Borrower, are in full force and effect, are not the subject of any pending judicial or administrative proceedings, and if the applicable statute, rule or regulation provides for a fixed period for judicial or administrative appeal or review thereof, such periods have expired and no petition for administrative or judicial appeal or review has been filed other than those Governmental Approvals and other consents or approvals of third parties the failure of which, individually or collectively, would not reasonably be expected to have a Material Adverse Effect.

3.8 No Material Litigation. Except as described on Schedule 4, (a) no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority to which the Borrower or any of its Subsidiaries is a party, or of which any property or assets of the Borrower or any of its Subsidiaries is the subject, is pending or, to the knowledge of the Borrower, threatened which could reasonably be expected to have a Material Adverse Effect, and (b) to the knowledge of the Borrower, no other litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or threatened with respect to the Project or this Agreement, any other Loan Document or any Primary Agreement or any of the transactions contemplated hereby or thereby which could reasonably be expected to have a Material Adverse Effect.

3.9 No Default. Neither the Borrower nor any of its Subsidiaries is in breach of any of their respective Contractual Obligations in any respect which could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing. To the knowledge of the Borrower, the Operator is not in breach of any condition, covenant or obligation to be observed or performed by it under the Operating

Agreement, which in any case or in the aggregate could reasonably be expected to have a Material Adverse Effect. As of the Closing Date, to the knowledge of the Borrower, (i) no party to any Primary Agreement is in breach of any condition, covenant or obligation to be observed or performed by such party thereunder, which in any case or in the aggregate could reasonably be expected to have a Material Adverse Effect and (ii) no condition exists which would permit, directly, with the passage or the giving of notice or both, any party thereto to terminate any Primary Agreement which termination could reasonably be expected to have a Material Adverse Effect.

3.10 Ownership of Property; Liens. The Borrower and each of its Subsidiaries have good and marketable title in fee simple to or have valid rights to lease or otherwise use, all items of real and personal property which are material to their respective businesses as currently conducted and as proposed to be conducted except where the failure to have such good title could not reasonably be expected to have a Material Adverse Effect, and all of the property (real and personal) of the Borrower and its Subsidiaries is free and clear of all Liens except (i) any Lien which does not materially interfere with the use made and proposed to be made of such property by the Borrower and its Subsidiaries, (ii) any Lien which could not reasonably be expected to have a Material Adverse Effect or (iii) any Lien that is permitted by subsection 6.2 hereof. The Borrower has title in fee simple to, or a valid leasehold interest in, or a valid right of way and easement or license over, all real property required for the operation and maintenance of the Pipeline. All recordings, filings and other actions that are necessary or appropriate in order to create, perfect, preserve and protect the right, title, estate and interest of the Borrower in and to such real property have been duly made or taken, and all fees, taxes and other charges relating to such recordings, filings and other actions have been, or at the time of each such recording, filing or other action will be, paid by or on behalf of the Borrower.

3.11 Taxes. Each of the Borrower and its Subsidiaries has filed or caused to be filed all material federal, state, local, foreign income and franchise tax returns which are required by law to be filed by it through the date hereof and has paid all taxes shown to be due and payable on such returns or on any assessments made against it or any of its property and all other material taxes imposed on it or any of its property by any Governmental Authority (other than any material taxes the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower the failure of which to file or to pay could not reasonably be expected to have a Material Adverse Effect); on the Closing Date no tax Lien has been filed that remains unsatisfied (other than any such Lien for taxes that are not yet delinquent or that are being contested in good faith by appropriate proceedings), and, to the knowledge of the Borrower, no claim is being asserted, with respect to any such tax.

3.12 Federal Regulations. No part of the proceeds of any Loans will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U in violation of the provisions of Regulation U.

3.13 ERISA. Except where such noncompliance could not reasonably be expected to have a Material Adverse Effect, each Plan is in compliance in all material respects with applicable law, including ERISA and the Code. Except for such liabilities that could not reasonably be expected to have a Material Adverse Effect, the Borrower and each Commonly Controlled Entity have not incurred and do not expect to incur any liability under Title IV of ERISA with respect to the termination of or withdrawal from any pension plan (including any Multiemployer Plan). Except where such nonqualification could not reasonably be expected to have a Material Adverse Effect, each Plan that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which could reasonably be expected to cause the loss of such qualification.

3.14 Sufficiency and Delivery of Primary Agreements. (a) [Intentionally Omitted].

(b) As of the Closing Date, the Administrative Agent has received a true and complete copy of the Operating Agreement and the Partnership Agreement, and each such agreement is in full force and effect.

3.15 Disclosure. No representation, warranty or other statement (except economic projections) made by the Borrower or any of its Subsidiaries in this Agreement, any other Loan Document or in any certificate, written statement or other document furnished to the Lenders by, or on behalf of, the Borrower or any of its Subsidiaries by any of their financial or legal advisors contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading. All economic projections for the Borrower provided to the Lenders by the Borrower or on behalf of the Borrower by its financial advisor or the Operator represented, at the time so provided, good faith estimates that, with respect to the "Base Case" projections, were based on assumptions deemed reasonable by the Borrower. As of the Closing Date, there is no fact known to the Borrower that is not disclosed in the documents delivered to the Administrative Agent on the Closing Date in satisfaction of the applicable conditions set forth in Section 4 or otherwise disclosed by the Borrower to the Lenders in writing prior to the date hereof that could reasonably be expected to have a Material Adverse Effect.

3.16 Investment Company Act. The Borrower is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

3.17 Purpose of Loans. The proceeds of the Revolving Credit Loans shall be used by the Borrower to refinance certain Indebtedness under the Existing Loan Agreement and for capital expenditures, working capital and other general corporate purposes of the Borrower.

3.18 Environmental Matters. To the knowledge of the Borrower, each of the representations and warranties set forth in paragraphs (a) through (d) of this subsection is true and correct, except (i) as set forth in Schedule 4, or (ii) to the extent that the facts and circumstances giving rise to any such failure to be so true and correct could not reasonably be expected to have a Material Adverse Effect:

(a) No Release or threat of Release of Hazardous Materials has occurred in a quantity reportable under any applicable Environmental Law with respect to any of the parcels of real property used in connection with the Project and any other real property in which the

Borrower or any of its Subsidiaries has any interest (whether as owner, lessee, holder of a right of way, easement or license or otherwise (collectively, the "Properties").

(b) The Borrower and each of its Subsidiaries are in compliance and have complied at all times with all applicable Environmental Laws.

(c) Except as set forth in Schedule 4, neither the Borrower nor any of its Subsidiaries has received any written complaint, notice of violation, alleged violation, investigation or advisory action or of potential liability or of potential responsibility regarding the clean up, removal or remediation of any Hazardous Materials or permit compliance, in each case in writing, nor is the Borrower aware that any Governmental Authority is threatening to deliver the Borrower or any Subsidiary any such notice. ·

(d) Except as set forth in Schedule 4, there are no governmental, judicial or administrative actions or proceedings pending or, to the Borrower's knowledge, threatened under any Environmental Laws to which the Borrower or any of its Subsidiaries is or will be named as a party or with respect to any of the Properties, nor are there any facts, circumstances, events or conditions that could reasonably be expected to give rise to any such actions or proceedings, nor are there any judgments, consent decrees or other decrees, consent orders, administrative orders or other orders, outstanding under any Environmental Law to which the Borrower or any of its Subsidiaries is subject or with respect to any of the Properties.

3.19 Insurance. The Borrower and each of its Subsidiaries have insurance covering their respective properties, operations, personnel and businesses, which insurance is in amounts and insures against such losses and risks as are adequate to protect the Borrower and its Subsidiaries and their respective businesses except where the failure to have such insurance could not reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any of its Subsidiaries has received 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, except where the discontinuance thereof could not reasonably be expected to have a Material Adverse Effect.

3.20 No Labor Disputes. No labor disturbance by or dispute with the employees of Iroquois Pipeline Operating Company exists or, to the best knowledge of the Borrower, is contemplated or threatened that could reasonably be expected to have a Material Adverse Effect.

SECTION 4.

CONDITIONS PRECEDENT

4.1 Conditions to Effectiveness. The effectiveness of this Agreement and the obligation of each Lender to make the Revolving Credit Loans requested to be made by it is subject to the satisfaction, immediately prior to or concurrently with the making of such Loan on the Closing Date, of the following conditions precedent:

(a) Credit Agreement. The Administrative Agent shall have received this Agreement, duly executed and delivered by the Borrower, with a counterpart for each Lender.

(b) [Intentionally Omitted).

(c) Proof of Authorization. The Administrative Agent shall have received, with a copy for each Lender: (i) certified copies of all partnership action of the Borrower authorizing the

execution, delivery and performance by the Borrower of this Agreement and each other Loan Document to which the Borrower is a party and any other agreement or document to be executed and delivered by the Borrower in connection with the transactions contemplated hereby; (ii) certificates as to the incumbency and signature of each individual signing any Loan Document on behalf of the Borrower; and (iii) evidence of the existence and good standing of the Borrower in the State of Delaware and of the Borrower's authorization to do business and good standing in the States of New York and Connecticut.

(d) No Violation. The consummation of the transactions contemplated hereby shall not contravene, violate or conflict with, nor involve the Administrative Agent or any Lender in any violation of, any Requirement of Law which becomes applicable to or binding upon the Administrative Agent or such Lender after the date of this Agreement.

(e) Approvals. All Governmental Approvals and other third party consents or approvals necessary for the Borrower to own and operate the Project, to transport up to 987 MDth/d of natural gas through the Pipeline and to carry on its business as now being conducted and as proposed to be conducted by it, or for the Borrower, or the Operator (in its capacity as operator of the Pipeline), to participate in transactions contemplated by this Agreement and the other Loan Documents shall have been obtained and be in full force and effect other than such Governmental Approvals and other third party consents or approvals the failure of which to obtain would not reasonably be expected to have a Material Adverse Effect. The Administrative Agent shall have received a certificate of a Responsible Officer to the foregoing effect.

(f) [Intentionally Omitted].

(g) Fees. The Administrative Agent shall have received the underwriting fee referred to in subsection 2.6(b).

(h) Legal Opinions. The Administrative Agent shall have received, with a counterpart or copy for each Lender, the executed legal opinion, dated the Closing Date, of (i) Troutman Sanders LLP, special New York counsel to the Borrower, in form and substance reasonably satisfactory to the Administrative Agent, which form is attached hereto as Exhibit D-1 and (ii) General Counsel to the Borrower, in form and substance reasonably satisfactory to the Administrative Agent, which form is attached hereto as Exhibit D-2; and

(i) Representations and Warranties; No Defaults. The Administrative Agent shall have received, with a copy for each Lender, a certificate of the Borrower, signed on behalf of the Borrower, by a Responsible Officer, dated as of the Closing Date indicating that (i) all the representations and warranties made by Borrower in or pursuant to the Loan Documents shall be true and correct in all respects as though made at such time, and (ii) no Default or Event of Default has occurred and is continuing.

(j) [Intentionally Omitted].

(k) Discharge of Indebtedness. The Administrative Agent shall have received satisfactory evidence that the Borrower's existing $10,000,000 credit facility has been terminated and all Indebtedness thereunder has been repaid in full.

(l) Additional Matters. The Administrative Agent shall have received each additional document, instrument, legal opinion or item of information reasonably requested by it, including, without limitation, a copy of any debt instrument, security agreement or other material

contract to which the Borrower may be a party, and all partnership and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement, shall be satisfactory in form and substance to the Administrative Agent.

4.2 Conditions to Each Loan. The obligation of each Lender to make any Loan requested to be made by it on any date is subject to the satisfaction, immediately prior to or concurrently with the making of such Loan, of the following conditions precedent:

(a) Representations and Warranties; No Default. (i) Each of the representations and warranties made by the Borrower in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of such date as if made on and as of such date except for any representations and warranties which relate to an earlier date; (ii) no Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Loans requested to be made on such date.

(b) Borrowing Certificate. The Administrative Agent shall have received, on or before the time required for its receipt pursuant to subsection 2.5, a Borrowing Certificate with respect to the Loans requested to be made on such date.

Each borrowing by the Borrower hereunder shall constitute a representation and warranty by the Borrower as of the date of such Loan that the applicable conditions in this Section 4 have been satisfied.

SECTION 5.

AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as any of the Revolving Credit Commitments remain in effect, any Loan remains outstanding and unpaid or any other amount is owing to any Lender or the Administrative Agent hereunder or under any other Loan Document to which the Borrower is a party, the Borrower shall and (other than with respect to subsections 5.1 and 5.6) shall cause each of its Subsidiaries to (in each case, unless the Majority Lenders otherwise agree in writing):

5.1 Financial Statements; Certificates; Projections. (a) Furnish to the Administrative Agent (with sufficient copies for each Lender):

(i) as soon as available, but in any event within ninety (90) days after the end of each fiscal year of the Borrower, a copy of the consolidated balance sheet of the Borrower as at the end of such fiscal year and the related statements of income and Partners' equity and of cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous year, prepared in accordance with GAAP and audited by independent certified public accountants of recognized standing in the United States of America and setting torth in each case in comparative form the figures for the previous year; and

(ii) as soon as available, but in any event not later than forty-five (45) days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, a copy of the unaudited consolidated balance sheet of the Borrower as at the end of such fiscal quarter and the related unaudited consolidated statements of income and Partners' equity and cash flows for such period and the portion of the fiscal year through the end of such fiscal quarter, prepared in accordance with GAAP setting forth in each case in comparative form the figures for the previous year, certified by the chief financial officer of the Borrower as being fairly stated in all material respects (subject to normal year-end audit adjustments); all such financial statements to be

prepared in accordance with GAAP applied consistently throughout the periods involved (except as disclosed therein).

(b) Furnish to the Administrative Agent (with sufficient copies for each Lender):

(i) concurrently with the delivery of the financial statements referred to in subsection 5.1(a), a certificate of a Responsible Officer stating that such Responsible Officer has obtained no knowledge at any time during the period covered by such financial statements or on the date of such certificate of any Default or Event of Default (or, if any Default or Event of Default shall have occurred, stating the nature thereof and the action being taken by the Borrower to remedy the same); and

(ii) promptly, such additional financial and other information regarding the Borrower, any of its Subsidiaries or the Project as any Lender through the Administrative Agent may from time to time reasonably request.

5.2 Other Documents, Information and Notices. Furnish to the Administrative Agent (with sufficient copies for each Lender):

(a) promptly after the filing thereof, a copy of the initial filing made by the Borrower or any of its Subsidiaries with FERC which is a request for (i) a new extension of the Pipeline or (ii) a major rate case.

(b) promptly after delivery thereof to the Trustee or receipt thereof from the Trustee, a copy of each notice and other document given by the Borrower to the Trustee or received by the Borrower from the Trustee, except such as are routine or ministerial in nature and in respect of which a failure to notify could not reasonably be expected to have a Material Adverse Effect;

(c) within forty five (45) days after the end of each fiscal quarter, a certificate of a Responsible Officer setting forth the information necessary to determine compliance with subsection 6.13 for such fiscal quarter;

(d) promptly upon becoming aware thereof, notice of the occurrence of any Default or Event of Default together with a statement of a Responsible Officer setting forth details thereof and stating what action the Borrower proposes to take with respect thereto; and

(e) to the extent the Borrower is required to file any report with the Securities and Exchange Commission or any national securities exchange pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, promptly after the sending or filing thereof, copies of all reports that the Borrower sends to any of its security holders, and copies of all reports and registration statements that the Borrower or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange.

5.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its obligations of whatever nature, except where the amount or validity thereof is currently being disputed by it in good faith, or contested in good faith by appropriate proceedings, and reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower, and except where failure to pay, discharge or otherwise satisfy such an obligation would not have a Material Adverse Effect.

5.4 Conduct of Business and Maintenance of Existence. (i) Continue to engage exclusively in the Permitted Business Activities, (ii) preserve and maintain in full force and effect, in the case of the Borrower, its existence as a limited partnership under the laws of the state of Delaware and in the case of a Subsidiary, its legal existence (except to the extent expressly permitted by subsection 6.4), (iii) preserve, renew and keep in full force and effect its qualification to do business in each other jurisdiction in which the conduct of its business requires such qualification except where the failure so to qualify could not reasonably be expected to have a Material Adverse Effect, (iv) preserve and maintain all of its rights, privileges and franchises necessary for the construction, ownership and operation of the Pipeline in accordance with the Primary Agreements, except to the extent that failure so to preserve or maintain could not reasonably be expected to have a Material Adverse Effect, (v) comply in all respects with the provisions of the Primary Agreements, except to the extent that failure to comply could not reasonably be expected to have a Material Adverse Effect and (vi) comply with all Requirements of Law applicable to it (including, but not limited to, Environmental Laws and safety regulations relating to the transportation of natural gas or for the discharge or handling of hazardous fuels) and all of its Contractual Obligations, except to the extent that failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

5.5 Performance and Enforcement of Agreements. Enforce all of its rights under, perform all actions required of it to comply with its obligations under, and maintain in full force and effect, each Primary Agreement, except where failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.6 [Intentionally Omitted].

5.7 Governmental Approvals. Obtain when required, maintain in full force and effect, and comply with, all Governmental Approvals and other consents and approvals of third parties necessary or desirable for the ownership, operation or maintenance of the Pipeline and its other properties or to carry on its business as now being conducted and proposed to be conducted by it, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.8 Operation and Maintenance of the Pipeline. Cause the Pipeline to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment, and cause all necessary repairs, replacements, renewals thereof and all improvements and betterments thereto to be made, as in the judgment of the Borrower may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times.

5.9 Maintenance of Property. Maintain all rights to any Pipeline related Property, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.10 [Intentionally Omitted].

5.11 Impositions. Pay or discharge and cause each of its Subsidiaries to pay or discharge or cause to be paid or discharged, before the same shall become delinquent (i) all material taxes, assessments and governmental charges levied or imposed upon (a) the Borrower or any of its Subsidiaries, (b) the income or profits of any such Subsidiary which is a corporation or (c) the property of the Borrower or any such Subsidiary and (ii) all material lawful claims for labor, materials and supplies that, if unpaid, might by law become a lien upon the property of the Borrower or any such Subsidiary; provided that the Borrower shall not be required to pay or discharge, or cause to be paid or discharged, any such tax, assessment, charge or claim the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves have been established.

5.12 Insurance. Provide, or cause to be provided, for itself, insurance (including appropriate self-insurance) against loss or damage of the kinds customarily insured against by companies similarly situated and owning like properties, including, but not limited to, products liability insurance and public liability insurance, with reputable insurers or with the government of the United States of America, or an agency or instrumentality thereof, in such amounts, with such deductibles and by such methods as shall be customary for companies similarly situated in the industry in which the Borrower is then conducting business.

5.13 Books and Records; Inspection of Property; Discussions. Keep proper books of record and account in which full, true and correct entries in conformity with GAAP and RAP shall be made of all its transactions and permit representatives of the Administrative Agent to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time upon reasonable notice, and as often as

may reasonably be desired and to discuss the business, operations, properties and financial and other condition of the Borrower and its Subsidiaries with officers and employees of the Borrower and its Subsidiaries and with the Borrower's independent certified public accountants.

SECTION 6.

NEGATIVE COVENANTS

The Borrower hereby agrees that, so long as any of the Revolving Credit Commitments remain in effect, any Loan remains outstanding and unpaid or any other amount is owing to any Lender or the Administrative Agent hereunder or under any other Loan Document to which the Borrower is a party, the Borrower shall not and shall not permit any of its Subsidiaries to (in each case, unless the Majority Lenders otherwise agree in writing), directly or indirectly:

6.1 Limitation on Indebtedness. Create, incur or assume any Indebtedness, except:

(a) Indebtedness of the Borrower in respect of the Loans and in respect of the Indebtedness under the Existing Loan Agreement;

(b) Indebtedness of the Borrower in respect of the Securities outstanding on the date hereof and issued in accordance with the Senior Indenture as in effect on the date hereof;

(c) Indebtedness of the Borrower outstanding on the date hereof (other than the Securities) listed on Schedule 5 hereto;

(d) other additional Indebtedness if:

(i) [Intentionally Omitted];

(ii) immediately after giving effect to such incurrence, the ratio of Indebtedness of the Borrower (excluding Affiliate Subordinated Debt) to Total Capitalization does not exceed 75%; and

(iii) no Default or Event of Default shall have occurred and be continuing at the time of such incurrence, and no Default or Event of Default shall result from such incurrence;

provided, however, that, notwithstanding these restrictions, the Borrower may incur additional Indebtedness consisting of:

(1) Indebtedness outstanding at any time in accordance with the Senior Indenture; provided that any amendment or supplement to the Senior Indenture which increases the amount from that outstanding thereunder on the Closing Date, or alters the tenor or average life of Indebtedness permitted to be outstanding by more than one year thereunder, must satisfy the requirement of clauses (i), (ii) and (iii) above,

(2) Indebtedness incurred for any expenditure required by applicable law, provided, that at the time such Indebtedness is incurred, the Borrower satisfies the requirements set forth in clause (ii) above;

(3) Indebtedness (A) in respect of performance, surety or appeal bonds provided in the ordinary course of business, (B) under Currency Agreements and Interest Rate Agreements provided that such agreements (i) are designed solely to protect the Borrower against fluctuations in foreign currency exchange rates or interest rates and not for speculative purposes and (ii) do not increase the Indebtedness of the obligor outstanding at any time other than as a result offluctuations in foreign currency exchange rates or interest rates or by reason of fees, indemnities and compensation payable thereunder, and (C) arising from agreements providing for customary indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligations of the Borrower pursuant to such agreements, in any case incurred in connection with the disposition of any business or assets (other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business or assets for the purpose of financing such acquisition), in a principal amount not to exceed the gross proceeds actually received by the Borrower in connection with such disposition;

(4) Indebtedness of the Borrower, to the extent the net proceeds thereof are promptly deposited to defease the Securities in accordance with the terms of the Senior Indenture on terms no more favorable than those contained in the Indenture and in amounts no greater than the face value of the Securities;

(5) Affiliate Subordinated Debt;

(6) Indebtedness of the Borrower incurred to refinance Indebtedness existing from time to time, provided such Indebtedness is in a principal amount no greater than the Indebtedness being repaid (excluding fees, including any consent fees, payable in connection with the issuance of any refinancing indebtedness), has a longer final maturity and greater average life than the Indebtedness being repaid and, except in the case of Indebtedness incurred to refinance a series of Securities under the Senior Indenture, satisfies the requirement set forth under clause (i) above;

(7) Indebtedness of $10 million incurred from time to time under any working capital facility permitted pursuant to subsection 5.6 hereof; and

(8) Indebtedness of the Borrower (in addition to Indebtedness permitted under clauses (1) through (7) above) in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed $35 million; provided that at the

time the Indebtedness is incurred, the Borrower satisfies the requirement set forth under clauses (ii) and (iii) above.

Notwithstanding any of the foregoing, the maximum amount of Indebtedness that the Borrower may incur pursuant to this clause (d) shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, due solely to the result of fluctuations in interest rates designated in· any Interest Rate Agreement or in the exchange rates of currencies designated in any Currency Agreement.

For purposes of determining any particular amount of Indebtedness under this clause (d), guarantees, Liens or obligations with respect to letters of credit supporting Indebtedness otherwise included in the determination of such particular amount shall not be included. For the purposes of clarification and not limitation, any Lien incurred by the Borrower or any of its Subsidiaries shall not be a separate incurrence of Indebtedness. For purposes of determining compliance with this clause (d), in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described in the above clauses, the Borrower, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of such clauses; provided, however, that the Borrower may only reclassify Affiliate Subordinated Debt, if, at the time of such reclassification, the Borrower would be permitted to make a Distribution in the amount of such reclassified Affiliate Subordinated Debt pursuant to subsection 6.3. Neither the accrual of interest nor the accretion of original issue discount shall be deemed to be an incurrence of indebtedness.

6.2 Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for:

(a) a Lien which ratably and equally secures all of the Senior Debt;

(b) a Lien that is created in favor of a governmental entity, mechanic, materialman or lessor in the ordinary course of business and payment of which is not overdue for a period of more than 30 days, but not in any event Liens in favor of a lessor in a sale-leaseback transaction;

(c) a Lien that is the result of a court judgment as to which all rights of the appeal have not terminated and is bonded or pledged or the enforcement of which will not have a Material Adverse Effect.

(d) Liens extending, renewing or replacing Permitted Liens (other than any additional Lien described in clause (h) below);

(e) Liens securing pledges or deposits under workers' compensation, unemployment insurance and other social security legislation;

(f) Liens consisting of easements, rights-of-way and other similar encumbrances and does not interfere with the business or operations of the Borrower and its Subsidiaries;

(g) a Lien granted by a Subsidiary upon any of such Subsidiary's assets to secure Non-Recourse Indebtedness of such Subsidiary; and

(h) any additional Lien, provided that the Indebtedness secured by the Lien, plus all other Indebtedness secured by Liens (including Indebtedness for Capitalized Lease Obligations but excluding Indebtedness secured by Liens otherwise permitted by clauses (a) through (g) above) plus all leases under sale-leaseback transactions which the Borrower has not elected to treat as an Asset Sale, does not exceed 3% of Total Capitalization of the Borrower.

6.3 Limitation on Distributions. Declare, pay or make any Distribution, either directly or indirectly, whether in cash or property or in obligations of the Borrower; provided that, the Borrower may make Distributions if:

(a) no Default or Event of Default shall have occurred and be continuing, or would occur as a result of declaring or making such Distribution;

(b) the ratio of Indebtedness to Total Capitalization after giving effect to such intended Distribution does not exceed 75%;

(c) (i) the Debt Service Coverage Ratio of the Borrower for the last four calendar quarters taken as a whole prior to such intended Distribution is at least 1.25 to I and (ii) if the then current rating of the Securities is below "BBB+" from S&P or below "Baa I" from Moody's, the Projected Debt Service Coverage Ratio of the Borrower for the next four calendar quarters from the date of such Distribution is expected to be at least 1.25 to I, both as certified by a Responsible Officer in an Officer's Certificate delivered to the Administrative Agent, provided, that, this subsection 6.3(c)(ii) shall not apply, in the case of any Distribution made in the twelve months prior to the Final Maturity Date of Non-Amortizing Securities if, after making such Distribution, the cash on hand of the Borrower and the expected Operating Cash Flow for the period commencing on the date of such Distribution and ending on the Final Maturity Date of such Non-Amortizing Securities will be sufficient to enable the Borrower to make such payments of principal and interest due on such Securities on such Final Maturity Date as certified by the Borrower in an Officer's Certificate delivered to the Administrative Agent; and

(d) after making such Distribution, the sum of (i) the cash then on hand of the Borrower *plus* (ii) the expected Operating Cash Flow for the period commencing on the date of such Distribution and ending on the next scheduled payment date of the Securities (excluding expected Operating Cash Flow and cash on hand, if any, relied on in connection with satisfying the requirements of the proviso of subsection 6.3(c)(ii) above) *plus* (iii) the expected Available Revolving Credit Commitment on such payment date will be sufficient to enable the Borrower to make all payments of principal and interest due on the Loans, the Securities and any other Senior Debt at any time on or after the date of such Distribution to and including such scheduled payment date of the Securities, excluding any principal and interest due on the Final Maturity Date of Non-Amortizing Securities payment of which will be satisfied by expected Operating Cash Flow and cash on hand pursuant to the proviso to subsection 6.3(c) (ii) above, as certified by a Responsible Officer in an Officer's Certificate delivered to the Administrative Agent on the date of such Distribution.

6.4 Limitation on Fundamental Changes. Enter into any merger, or consolidation, or convey, lease, or transfer all or substantially all of its assets unless:

(a) the Borrower is the surviving entity in any such merger or consolidation or the Person (if other than the Borrower) which is the surviving entity in any such merger or consolidation or which acquires all or substantially all of the assets of the Borrower is a corporation, limited liability company, partnership or trust organized under the laws of the United

States or any State or the District of Columbia and expressly assumes the Borrower's obligations hereunder pursuant to a executed written agreement delivered to the Administrative Agent which agreement is in form and substance reasonably satisfactory to the Administrative Agent;

(b) immediately after such transaction there shall be No Ratings Downgrade as a result of such transaction; and

(c) no Default or Event of Default shall have occurred and be continuing.

Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, any Subsidiary may merge or consolidate with any other Subsidiary or the Borrower or may transfer all or substantially all of its assets to any other Subsidiary or the Borrower.

6.5 Limitation on Termination, Modification, Supplement or Waiver of Primary Agreements; Limitation of Tariffs. Agree or consent to any termination, modification, supplement or waiver of any Primary Agreement, nor initiate any change to the tariff unless the Borrower reasonably determines that such termination, modification, supplement, waiver of any Primary Agreement or change to the tariff, individually or collectively with all other such terminations, modifications, supplements, waivers of any Primary Agreements and changes to the tariff, would not reasonably be expected to have a Material Adverse Effect.

6.6 Abandonment. Voluntarily abandon the Pipeline or otherwise cease to pursue operations of the Pipeline for a period of more than 180 days.

6.7 Limitation on Investments, Loans and Advances. Make any Investment, except (a) Permitted Investments and (b) Investments made with amounts with respect to which the Borrower may otherwise have made Distributions in accordance with subsection 6.3 above.

6.8 Limitation on Asset Sales. Consummate any Asset Sale unless (i) the consideration received by the Borrower is at least equal to the fair market value of the assets sold or disposed of and (ii) at least ninety percent (90%) of the consideration received consists of cash or Temporary Cash Investments or the assumption of Indebtedness of the Borrower (other than Senior Debt or Indebtedness of the Borrower to any Subsidiary), provided that the Borrower is irrevocably and unconditionally released from all liability under such Indebtedness.

6.9 Transactions with Affiliates. Except as contemplated by any agreement between the Borrower and an Affiliate of the Borrower, a Partner or an Affiliate of a Partner in existence on the date hereof and any successor thereto, if at any time hereafter the Borrower proposes to enter into or become a party to any material agreement or arrangement with an Affiliate of the Borrower, a Partner or a Affiliate with the Partner, the Borrower will not enter into or· become a party to any such agreement or arrangement unless such agreement or arrangement shall be on terms no more favorable to the Affiliate, the Partner or the Affiliate of the Partner, as the case may be than those that would be offered to parties that are not Affiliates, Partners or Affiliates of Partners.·

6.10 [Intentionally Omitted].

6.11 Limitation on Sale-Leaseback Transactions. Enter into any sale-leaseback transaction involving any of its Properties whether now owned or hereafter acquired whereby the Borrower sells or transfers such Properties and then or thereafter leases such Properties or any part thereof or any other Properties with the Borrower intends to use for substantially the same purpose or purposes as the Properties sold or transferred; provided however, such restriction shall not apply if, (a) the lease

secures or relates to industrial revenue or pollution control bonds issued in compliance with subsection 6.1 above; or (b) the sale-leaseback transaction is in compliance with subsection 6.2(h).

6.12 Limitation on Subsidiaries. (a) Create or permit to exist any Subsidiaries except for Subsidiaries which are limited to Permitted Business Activities, and (b) permit its Subsidiaries to create, incur, assume or suffer to exist Indebtedness except for Non-recourse Indebtedness and Indebtedness which is guaranteed by the Borrower provided that the Borrower is permitted to incur such Indebtedness in accordance with subsection 6.1.

6.13 Ratio of Indebtedness to Total Capitalization. Permit at any time the ratio of Indebtedness (excluding Affiliate Subordinated Debt) to Total Capitalization of the Borrower to exceed seventy-five percent (75%).

6.14 Affiliate Subordinated Indebtedness. Purchase, redeem, retire or otherwise acquire Affiliate Subordinated Indebtedness except as otherwise specifically provided in the subordination provisions.

6.15 Use of Proceeds. Use proceeds of the Loans for any purpose other than the purposes set forth in subsection 3.17 hereof.

SECTION 7.

EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Loan when due in accordance with the terms thereof and hereof; or the Borrower shall fail to pay any interest on any Loan or any fee payable hereunder within five (5) days after any such interest or fee becomes due in

accordance with the terms hereof; or

(b) The Borrower shall fail to fulfill any unscheduled payment obligation arising hereunder in accordance with the terms hereof within the time specified herein (subject to applicable notice requirements and grace periods) or, if no payment date is specified herein for such unscheduled payment obligation, within thirty (30) days after such obligation becomes due in accordance with the terms hereof; or

(c) Any representation or warranty made or deemed made by the Borrower, herein or in any other Transaction Document, or in any certificate or document furnished at any time under or in connection with this Agreement or any other Transaction Document, shall prove to have been incorrect in any material respect on or as of the date made or deemed made and such misrepresentation has resulted in a Material Adverse Effect and shall continue uncured for thirty (30) days or more; or

(d) The Borrower shall default in the observance or performance of any of covenant contained in subsection 5.4(ii) or Section 6; or

(e) The Borrower shall default in the observance or performance of any agreement, obligation or covenant contained hereunder or under any other Loan Document (except as described under clause (a), (b) or (d) of this Section 7), and such default has resulted in a Material Adverse Effect and such default failure has continued unremedied for thirty (30) days or more

after the date on which a Responsible Officer becomes aware of such failure or receives notice thereof; (provided that, if efforts to cure such default have been commenced within such 30-day period, such cure period shall be extended for an additional thirty (30) days so long as no other Event of Default shall occur and be continuing and the Borrower is diligently pursuing such cure); or

(f) a court having jurisdiction in the premises enters a decree or order for (i) relief in respect of the Borrower or any Significant Subsidiary in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Borrower or any Significant Subsidiary or for all or substantially all of the Property of the Borrower or a Significant Subsidiary or (iii) the winding-up or liquidation of the affairs of the Borrower or any Significant Subsidiary and, in each case, such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(g) the Borrower or any Significant Subsidiary (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Borrower or any Significant Subsidiary or for all or substantially all of the Property of the Borrower or any Significant Subsidiary or (iii) effects any general assignment for the benefit of creditors; or

(h) the Borrower shall default in the payment when due (after any applicable grace period) of any principal of or interest on any of its other Indebtedness aggregating $10,000,000 or more; or any event specified in any note, agreement, indenture or other document evidencing or relating to any such Indebtedness shall occur if the effect of such event is to cause, or (with the giving of any notice or the· lapse of time or both) to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, such Indebtedness to become due, or to be prepaid in full (whether by redemption, purchase, offer to purchase or otherwise), prior to its stated maturity and such event is not cured or waived pursuant to the terms of such Indebtedness or such Indebtedness is accelerated prior to the end of any related cure period; or

(i) One or more final judgments or decrees shall be entered against the Borrower, involving in the aggregate a liability of $10 million or more, which judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal with respect thereto within sixty (60) days from the entry thereof; or

(j) (i) the Borrower shall file with FERC for authorization to abandon or shall otherwise abandon the Pipeline, (ii) FERC shall issue a final, non-appealable order authorizing the abandonment of the Pipeline (or deeming the Pipeline abandoned), (iii) the Borrower shall file with FERC for authorization to abandon or shall otherwise abandon any material .component of the Pipeline, which partial abandonment would result in a reduction in service levels to an extent that could reasonably be expected to have a Material Adverse Effect or (iv) FERC shall issue a final, non-appealable order authorizing the abandonment of any material component of the Pipeline (or deeming such a material component abandoned), which partial abandonment would result in a reduction in service levels to an extent that could reasonably be expected to have a Material Adverse Effect; or

(k) The Pipeline (or any portion thereof) shall suffer a loss, destruction or damage which has a Material Adverse Effect, unless there are sufficient insurance proceeds or other funds available to restore the Pipeline to its condition immediately prior to such event (or otherwise cure such loss) and the Borrower diligently pursues such restoration or cure; or

(l) (i) The Borrower or any Commonly Controlled Entity shall engage in any "prohibited transaction" (as defined in Section 4.06 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 3.02 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Borrower or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Majority Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Plan shall terminate for purposes of Title IV of ERISA, (v) the Borrower or any Commonly Controlled Entity shall incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to a Plan; and in any such case described in clauses (i) through (vi) above, such event or condition, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

then,

(1) Borrower Bankruptcy. If such event is an Event of Default specified in subsection (f) of this Section 7, automatically the Revolving Credit Commitments immediately shall terminate and the Loans (with accrued interest thereon) and all other amounts owing by the Borrower under this Agreement and the Notes immediately shall become due and payable; and

(2) Other Events of Default. If such event is an Event of Default other than one specified in paragraph (I) above, either or both of the following actions may be taken: (i) with the consent of the Majority Lenders the Administrative Agent may or upon the request of the Majority Lenders the Administrative Agent shall by notice to the Borrower, declare the Revolving Credit Commitments to be terminated, whereupon the Revolving Credit Commitments immediately shall terminate; and (ii) with the consent of the Majority Lenders the Administrative Agent may, or upon the request of the Majority Lenders the Administrative Agent shall, by notice to the Borrower, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents to be due and payable, whereupon the same immediately shall become due and payable.

Notwithstanding any of the foregoing, any Partner shall have the right, but not the obligation, to cure any payment default in clauses (a), (b), (g) or (h) of this Section 7 within the respective grace period set forth in such clauses, and, if such payment is cured, such payment default shall not constitute an Event of Default.

Except as expressly provided above in this Section 7, presentment, demand, protest and all other notices of any kind are hereby expressly waived.

SECTION 8.

NON-RECOURSE

None of the Partners or the Partner Parents shall be personally liable for any obligation of the Borrower under this Agreement, or any other Loan Document or for the performance of any obligation of the Borrower hereunder or thereunder or breach of any representation or warranty made by the Borrower. The exclusive recourse of the Administrative Agent and the Lenders for satisfaction of the obligations of the Borrower under this Agreement, or any other Loan Document shall be against the Borrower and its assets (and not against any assets or property of the Partners or the Partner Parents). In the event that any default occurs in connection with the obligations of the Borrower under this Agreement, or any other Loan Document, no action shall be brought against the Partners or the Partner Parents if such action is predicated solely upon such Person's direct or indirect ownership interest in the Borrower. In the event of foreclosure or other sale or disposition of properties, no judgment for any deficiency upon the obligations of the Borrower under this Agreement, or any other Loan Document shall be obtainable by the Administrative Agent or any Lender against the Partners or the Partner Parents.

SECTION 9.

THE ADMINISTRATIVE AGENT

9.1 Appointment. Each Lender hereby irrevocably designates and appoints JPMorgan as its agent under this Agreement and the other Loan Documents, and each Lender irrevocably authorizes JPMorgan, as the agent for such Lender, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative. Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

9.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible to any Lender for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

9.3 Exculpatory Provisions. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or any other Loan Document or any Primary Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or any Primary Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Documents or any Primary Agreement or for any failure of the Borrower to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document or any Primary Agreement, or to inspect the properties, books or records of the Borrower. Except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its

Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity.

9.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Lenders as it deems

appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Majority Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Notes.

9.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Lender or the Borrower referring to this ·Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Majority Lenders; provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such-action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

9.6 Non-Reliance on Administrative Agent and Other Lenders. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower, the Partners, the Partner Parents and the Shippers and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower, the Partners, the Partner Parents, the Shippers and any other Persons. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or other), prospects or creditworthiness of the Borrower, the Partners, the Partner Parents, the

Shippers or any other Person which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

9.7 Indemnification. The Lenders agree to indemnify the Administrative Agent in its capacity as such and its directors, officers, employees and agents (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), severally according to their respective Commitment Percentages, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Loans and other amounts payable hereunder) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the Administrative Agent's gross negligence or willful misconduct. The agreements in this subsection shall survive the payment of the Loans and all other amounts payable hereunder.

9.8 Administrative Agent in Its Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower, the Partners and the Partner Parents and their respective Affiliates as though the Administrative Agent were not the Administrative Agent hereunder and under the other Loan Documents. With respect to its Loans made or renewed by it and any Note issued to it, the Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

9.9 Successor Administrative Agent. Subject to the appointment of a successor Administrative Agent as provided below, JPMorgan (and any successor thereto as Administrative Agent) may resign as Administrative Agent under this Agreement by giving at least thirty (30) days' notice thereof to the Lenders and the Borrower. Upon any such resignation, the Majority Lenders shall appoint from among the Lenders a successor Administrative Agent for the Lenders, which successor Administrative Agent shall be reasonably acceptable to the Borrower (unless an Event of Default has occurred and is continuing). If no successor Administrative Agent shall have been appointed by the Majority Lenders and shall have accepted such appointment within thirty (30) days after the resigning Administrative Agent's giving of notice of resignation, then the resigning Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a Lender or any other lender with an office in New York, New York having a combined capital and surplus of not less than $500,000,000 and which shall be reasonably acceptable to the Borrower. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning Administrative Agent, and the resigning Administrative Agent shall be discharged from its duties and obligations hereunder, without any other or further act or deed on the part of the resigning Administrative Agent or any of the parties to this Agreement or any holders of the Notes. After any resigning Administrative Agent shall cease to be the Administrative Agent hereunder, the provisions of this subsection 9.9 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent under this Agreement and the other Loan Documents.

SECTION 10.

MISCELLANEOUS

10.1 Amendments and Waivers. Neither this Agreement, any Note, nor any term hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this subsection. With the written consent of the Majority Lenders, the Administrative Agent and the Borrower may, from time to time, enter into written amendments, supplements or modifications hereto and to the Notes for the purpose of adding any provisions to this Agreement or the Notes or changing in any manner the rights of the Lenders or of the Borrower hereunder or thereunder or waiving, on such terms and conditions as may be specified in such instrument, any of the requirements of this Agreement or the Notes on any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (a) reduce the amount or extend the maturity of any Note or any installment thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any fee payable to any Lender hereunder, or change any Lender's Commitment Percentage, in each case without the consent of the Lender adversely affected thereby, or (b) amend, modify or waive any provision of this subsection or reduce the percentage specified in the definition of Majority Lenders, consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement or would alter the pro rata sharing of payments required under this Agreement, in each case without the written consent of all the Lenders, or (c) amend, modify or waive any provision of Section 9 without the written consent of the then Administrative Agent, or (d) amend, modify or waive any provision of this Agreement affecting the rights or obligations of the Administrative Agent, without the written consent of the Administrative Agent, as the case may be. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Borrower, the Lenders, the Administrative Agent, and all future holders of the Notes. In the case of any waiver, the Borrower, the Lenders, and the Administrative Agent shall be restored to their former position and rights hereunder and under the outstanding Notes and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

10.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy or, pursuant to procedures approved by the Administrative Agent, other electronic transmission in portable document format ("pdf'); telephonic notice, where permitted, is to be confirmed in writing), and, unless otherwise expressly provided herein shall be effective upon receipt and shall be deemed to have been duly given or made when delivered by hand or, in the case of notice given by mail, telecopy or approved electronic transmission, when received, addressed as follows in the case of the Borrower and the Administrative Agent, and as set forth in Schedule 2 in the case of the other parties hereto, or to such other address as may be hereafter notified in accordance with this subsection 10.2 by the respective parties hereto and any future holders of the Notes:

The Borrower:
Iroquois Gas Transmission System, L.P.
One Corporate Drive, Suite 606
Shelton, Connecticut 06484
Attention: President
Telecopy: (203) 925-7225
Confirmation Telephone: (203) 925-7200
Email: paul_bailey@iroquois.com

The Administrative Agent:
JPMorgan Chase Bank, N .A.
Two Corporate Drive Suite 730
Shelton, CT 06484
Attention: Scott Farquhar
Telephone: (203) 944-8424
Telecopy: (203) 944-8495
Email: SCOTT.FARQUHAR@jpmorgan.com

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no· delay **in** exercising, on the part of the Administrative Agent or any Lender or the Borrower, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the Notes to the extent provided **in** Section 4 and for the purposes of paragraph (c) of Section 7.

10.5 Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent for all its reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation and execution of, and any amendment, supplement or modification to, this Agreement and the Notes and any other documents prepared in connection herewith or therewith, and the consummation and the administration of the transactions contemplated hereby and thereby, whether or not any of the transactions contemplated hereby or thereby are consummated, including, without limitation, the reasonable and documented fees and disbursements of Sidley Austin LLP as special counsel to the Administrative Agent, (but excluding the fees and disbursements of any other counsel to the Lenders), the reasonable, documented and customary out-of-pocket expenses incurred by the Administrative Agent in connection with the syndication (including printing, distribution and bank meetings) of the Revolving Credit Commitments, due diligence, transportation, duplication, appraisal, audit, insurance, consultant, search, filings and recording fees, (b) to pay or reimburse each Lender and the Administrative Agent for all its reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the Notes, and any such other documents, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent, (c) to pay, indemnity, and hold each Lender and the Administrative Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the Notes, and any such other documents, and (d) to pay, indemnity, and hold each Lender, and the Administrative Agent, and the directors, officers, employees, agents and stockholders of each Lender, and the Administrative Agent (each, an "indemnified party"), harmless from and against any and all other liabilities, obligations, losses, damages, penalties, claims, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel in connection therewith) **(i)** with respect to the execution, delivery, enforcement and performance of this Agreement, the Notes and the other Loan Documents and any other documents, including, without limitation, any of the foregoing relating to the violation of, noncompliance with or liability under, any Environmental Law applicable to the Borrower, any of its Subsidiaries or any of their respective properties, (ii) resulting from injury to or

death of any person whomsoever, and damage to or loss or destruction of any property whatsoever, which in any way arises in connection with, incidental to or caused by the operation of the Project or any activity on or near the Project, arid (iii) in any way relating to or arising out of the Project or any part thereof, or the manufacture, financing, construction, purchase, acceptance, rejection, ownership, acquisition, delivery, non delivery, preparation, installation, storage, maintenance, repair, transfer of title, abandonment, possession, rental, use, operation, condition, sale, return, importation, exportation or other application or disposition of all or any part of any interest in the Project (all the matters indemnifiable under clauses (a) through (d) above, collectively, the "indemnified liabilities"); provided, that the Borrower shall have no obligation under clause (d) above to any indemnified party with respect to indemnified liabilities arising from the gross negligence or willful misconduct of such indemnified party. Each Person claiming any right to indemnity under clause (d) of the next preceding sentence by reason of the institution of any action against such Person shall notify the Borrower thereof and shall consult with the Borrower from time to time in connection with the defense of such action. The agreements in this subsection shall survive repayment of the Loans and all other amounts payable hereunder.

10.6 Successors and Assigns; Participations; Purchasing Lenders. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Administrative Agent, and all future holders of the Notes and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender may, in the ordinary course of its commercial lending business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Loan owing to such Lender, any Note held by such Lender, any Revolving Credit Commitment of such Lender or any other interest of such Lender hereunder. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Note for all purposes under this Agreement and the other Loan Documents, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. The Borrower also agrees that each Participant shall be entitled to the benefits of subsections 2.18, 2.19, 2.20 and 10.5(d)(ii) and (iii) with respect to its participation in the Revolving Credit Commitments and the Loans outstanding from time to time; provided, that (i) no Participant shall be entitled to receive any greater amount pursuant to such subsections than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred, (ii) no Participant shall be entitled to any indemnification by the Borrower to the extent that, at the time of its purchase of a participating interest in the Loans, it cannot make the representation specified in the first sentence of subsection 2.19(b) and (iii) each Participant shall be bound by the confidentiality provisions contained in subsection 10.11. In no event shall a Lender that sells a participating interest be obligated to the Participant to take or refrain from taking any action hereunder or under any of the other Loan Documents except that such Lender may agree that it will not, without the consent of such Participant, agree to (A) increase or extend the term of the Revolving Credit Commitments of such Lender, (B) reduce the principal of, or interest payable on, the Loans of such Lender or any fees or other amounts payable to such Lender hereunder, (C) postpone the date fixed for any payment of the principal of, or interest on, the Loans of such Lender or other amounts payable to such Lender hereunder, or (D) change the percentage of the Revolving Credit Commitments or of the aggregate unpaid principal amount of the Loans which shall be required for the Lenders or any of them to take any action hereunder.

(c) Any Lender may, in the ordinary course of its commercial lending business and in accordance with applicable law, at any time sell to any other Lender or to any Qualified Financial

Institution (all such purchasers, collectively, "Purchasing Lenders") all of its rights and obligations under this Agreement and the Note held by it (or any part of such rights and obligations; provided that, after giving effect to such sale, such transferor Lender and such Purchasing Lender each has Revolving Credit Commitments and/or Loans aggregating not less than $5,000,000 pursuant to a Commitment and Loan Transfer Supplement, substantially in the form of Exhibit C (a "Commitment Transfer Supplement"), executed by such Purchasing Lender, such transferor Lender, and, except for sales to a Purchasing Lender that is a Lender, the Administrative Agent (and, in the case of a Purchasing Lender that is not then a Lender or a Qualified Financial Institution under clause (a) of the definition thereof in subsection 1.1, by the Borrower) and delivered to the Administrative Agent for its acceptance and recording in the Register (as hereinafter defined). Upon such execution, delivery, acceptance and recording, from and after the Transfer Effective Date determined pursuant to such Commitment Transfer Supplement, (x) the Purchasing Lender thereunder shall be a party hereto and shall be bound by the provisions hereto and, to the extent provided in such Commitment Transfer Supplement, shall have the rights and obligations of a Lender hereunder, with its Revolving Credit Commitments as set forth in such Commitment Transfer Supplement, and (y) the transferor Lender thereunder shall, to the extent provided in such Commitment Transfer Supplement, be released from its obligations under this Agreement (and, in the case of a Commitment Transfer Supplement covering all or the remaining portion of a transferor Lender's rights and obligations under this Agreement, such transferor Lender shall cease to be a party hereto). Such Commitment Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender as a Lender party hereto and the resulting adjustment of Commitment Percentages and Revolving Credit Commitments arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement and the Note held by it. On the Transfer Effective Date determined pursuant to such Commitment Transfer Supplement, or as soon as possible thereafter, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent in exchange for the Note held by the transferor Lender (which Note shall be surrendered to the Administrative Agent for delivery to the Borrower), a new Note to the order of such Purchasing Lender reflecting the respective Revolving Credit Commitments and outstanding Loans obtained by it pursuant to such Commitment Transfer Supplement and, if the transferor Lender has retained Revolving Credit Commitments and Loans hereunder, a new Note to the order of the transferor Lender reflecting the respective commitments and outstanding Loans retained by it hereunder. Such new Notes shall be dated the date which is the first day of the first Interest Period then in effect for which interest has not been paid and shall otherwise be in the form of the Note replaced thereby. The Note surrendered by the transferor Lender shall be returned by the Administrative Agent to the Borrower marked "canceled".

(d) The Administrative Agent shall maintain at its address referred to in subsection 10.2 a copy of each Commitment Transfer Supplement delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Revolving Credit Commitments of, and principal amount of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as the owner of the Loans recorded therein for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a Commitment Transfer Supplement executed by a transferor Lender and Purchasing Lender (and, in the case of a Purchasing Lender that is not then a Lender or a Qualified Financial Institution under clause (a) of the definition thereof in subsection 1.1, by the · Borrower and the Administrative Agent), together with payment to the Administrative Agent by the transferor Lender of a registration and processing fee of $3,500, the Administrative Agent shall (i) promptly accept such Commitment Transfer Supplement and (ii) on the Transfer Effective Date

determined pursuant thereto record the information contained therein in the Register and give notice of such acceptance and recordation to the Lenders and the Borrower.

(f) The Borrower authorizes each Lender to disclose to any Participant or Purchasing Lender (each, a "Transferee") and any prospective Transferee any and all financial and other information in such Lender's possession concerning the Borrower and its Partners and their respective Affiliates and the Pipeline which has been delivered to such Lender by or on behalf of the Borrower pursuant to this Agreement or which has been delivered to such Lender by or on behalf of the Borrower in connection with such Lender's evaluation of the Pipeline and its credit evaluation of the Borrower and its Partners and their respective Affiliates prior to becoming a party to this Agreement; provided that such Transferee or prospective Transferee agrees to be bound by the confidentiality provisions contained in subsection 10.11.

(g) If, pursuant to this subsection, any interest in this Agreement or any Note is transferred to any Purchasing Lender which is organized under the laws of any jurisdiction other than the United States or any state thereof, the transferor Lender shall cause such Purchasing Lender, concurrently with the effectiveness of such transfer, (i) to represent to the transferor Lender (for the benefit of the transferor Lender, the Administrative Agent and the Borrower) that under applicable law and treaties then in effect no United States federal taxes will be required to be withheld by the Administrative Agent, the Borrower or the transferor Lender with respect to any payments to be made to such Purchasing Lender in respect of the Loans, (ii) to furnish to the Administrative Agent and the Borrower either U.S. Internal Revenue Service Form W-8BEN or W-8ECI (wherein such Purchasing Lender claims entitlement to complete exemption from U.S. federal withholding tax on all interest payments hereunder) and (iii) to agree (for the benefit of the transferor Lender, the Administrative Agent and the Borrower) to provide the Administrative Agent and the Borrower a new Form W-8BEN or W-8ECI upon the expiration or obsolescence of any previously delivered form and comparable statements in accordance with applicable U.S. laws and regulations and amendments duly executed and completed by such Transferee, unless an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders such forms inapplicable or which would prevent such Purchasing Lender from duly completing and delivering any such forms with respect to it and such Purchasing Lender so advises the Borrower and the Administrative Agent.

(h) Nothing herein shall prohibit any Lender from pledging or assigning any Note to any Federal Reserve Bank in accordance with applicable law.

(i) In the event any Lender demands payment of additional amounts pursuant to subsection 2.18 or 2.19, the Borrower, at its expense, at any time within three (3) months after such demand, may, so long as no Default or Event of Default shall have occurred and be continuing, require such Lender to sell in accordance with the foregoing provisions of this subsection 10.6, at par plus accrued interest, without recourse or warranty, all its rights and obligations hereunder (including its Revolving Credit Commitments and the Loans at the time owing to it and the Note held by it) to a Qualified Financial Institution specified by the Borrower; provided that (A) such assignment shall not conflict with or violate any law, rule or regulation or order of any court or other Governmental Authority, and (B) the Borrower shall have paid to the assigning Lender all amounts (other than interest) accrued and owing hereunder to it (including, without limitation, amounts owing pursuant to subsections 2.18, 2.19 and 2.20). Notwithstanding anything set forth above in this paragraph (i) to the contrary, the Borrower shall not be entitled to require an assignment under this paragraph (i) with respect to any Lender demanding payment under subsection 2.18 or 2.19 if, prior to any such requirement by the Borrower, such Lender shall have changed its lending office so as to eliminate the incurrence of the costs in respect of which such payment was demanded.

10.7 Adjustments; Set-off.

(a) If any Lender (a "benefitted Lender") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in subsection 7(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans, or interest thereon, such benefitted Lender shall purchase for cash from the other Lenders such portion of each such other Lender's Loans, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefitted Lender to share the excess payment or the benefits of such collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery,. but without interest. The Borrower agrees that each Lender so purchasing a portion of another Lender's Loans may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder or under the Notes (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender to or for the credit or the account of the Borrower, and whether or not such Lender is otherwise fully secured. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application.

10.8 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

10.9 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.10 Integration. This Agreement represents the agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent, or any Lender relative to the subject matter hereof not expressly set forth herein or in the other Loan Documents.

10.11 Confidentiality Undertaking. Each of the Lenders, and the Administrative Agent agree that the financial and other information with respect to the Borrower and the Pipeline obtained by it pursuant to subsection 5.I, 5.2 or 5.13 that is not available to the general public shall be held confidential and shall not be disclosed to third parties (other than to the Administrative Agent or other Lenders); provided, however, that nothing herein shall prevent the Lenders and the Administrative Agent from disclosing any such information (a) upon the order, demand or request of, or in connection with any

investigation or audit by, any Governmental Authority, (b) to any prospective Transferee or to any Person in connection with the syndication of the commitments and Loans, provided such prospective Transferee or Person shall have agreed in writing to be bound by the provisions of this subsection or shall have entered into another confidentiality undertaking with the Borrower, (c) to such Lender's or the Administrative Agent's attorneys, professional advisors, independent auditors or Affiliates or (d) in connection with the exercise of any right or remedy under Section 7 of this Agreement, any other Loan Document or applicable law.

10.12 GOVERNING LAW. THIS AGREEMENT AND THE NOTES AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

10.13 Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the Notes or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same:

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address set forth in subsection 10.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

10.14 Acknowledgements. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the Notes;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship to the Borrower, and the relationship between Administrative Agent and the Lenders, on one hand, and the Borrower, on the other hand, is solely that of creditor and debtor; and

(c) no joint venture exists between the Borrower and the Lenders.

10.15 WAIVERS OF JURY TRIAL. THE BORROWER, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR THE NOTES AND FOR ANY COUNTERCLAIM THEREIN.

10.16 USA PATRIOT Act. Each Lender that is subject to the requirements of the USA PATRIOT Act (Title Ill of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act") hereby notifies the Borrower that pursuant to the requirements of the Act, it is required to obtain, verity and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Act.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in New York, New York, by their proper and duly authorized officers as of the day and year first above written.

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.

By: IROQUOIS PIPELINE OPERATING COMPANY, its Agent

By: /s/Jeffrey Bruner
Name: Jeffrey Bruner
Title: VP General Counsel & Secretary

By: /s/ Paul Bailey
Name: Paul Bailey
Title: V .P. & Chief Financial Officer

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and as a Lender

By: /s/ Kenneth Coons
Name: Kenneth Coons
Title: AVP / Underwriter

Exhibit 4.5.1

EXECUTION COPY

AMENDMENT NO. 1

Dated as of June 25, 2009

to

CREDIT AGREEMENT

Dated as of June 26, 2008

THIS AMENDMENT NO. 1 ("Amendment") is made as of June 25, 2009 (the "Effective Date") by and among Iroquois Gas Transmission System, L.P., a Delaware limited partnership (the "Borrower"), the financial institutions listed on the signature pages hereof and JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent"), under that certain Credit Agreement dated as of June 26, 2008 by and among the Borrower, the Lenders and the Administrative Agent (as amended prior to the date hereof, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Credit Agreement.

WHEREAS, the Borrower has requested that certain modifications be made to the Credit Agreement;

WHEREAS, the Borrower, the Lenders party hereto and the Administrative Agent have agreed to amend the Credit Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Lenders party hereto and the Administrative Agent hereby agree to the following amendment to the Credit Agreement.

1. Amendments to Credit Agreement. Effective as of the Effective Date but subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement is hereby amended as follows:

(a) Section 1.1 of the Credit Agreement is amended to add the following definitions thereto in appropriate alphabetical order and, where applicable, replace the corresponding previously existing definitions:

"ABR" means, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the Eurodollar Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, for the avoidance of doubt, the Eurodollar Rate for any day shall be based on the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in Dollars in the London interbank market) as of 11:00 A.M.,

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London time, two Working Days prior to the beginning of such one month Interest Period. Any change in the ABR due to a change in the Prime Rate, the Federal Funds Effective Rate or the Eurodollar Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate, the Federal Funds Effective Rate or the Eurodollar Rate, respectively.

"Amendment No. 1 Effective Date" means June 25, 2009.

"Continuation Notice" has the meaning set forth in subsection 2.22(a).

"Continuing Lender" has the meaning set forth in subsection 2.22(a).

"Extension Request" has the meaning set forth in subsection 2.22(a).

"Revolving Credit Termination Date" means, subject to extension as provided in subsection 2.22, the date which is 364 days after the Amendment No. 1 Effective Date; provided that if any such day is not a Business Day, then the Revolving Credit Termination Date shall be the immediately preceding Business Day.

(b) Article II of the Credit Agreement is amended to add the following as a new Section 2.22 thereof:

2.22 Extension of Revolving Credit Termination Date.

(a) The Borrower may, by written notice to the Administrative Agent in the form of Exhibit E (each such notice being an "Extension Request") given no earlier than sixty (60) days and no later than forty-five (45) days prior to the then applicable Revolving Credit Termination Date, request that the then applicable Revolving Credit Termination Date be extended to a date 364 days after the then applicable Revolving Credit Termination Date. Such extension shall be effective with respect to each Lender which, by written notice in the form of Exhibit F (a "Continuation Notice") to Borrower and the Administrative Agent given no earlier than forty-five (45) days and no later than thirty- five (35) days prior to the then applicable Revolving Credit Termination Date, consents, in its sole discretion, to such extension (each Lender giving a Continuation Notice being referred to sometimes as a "Continuing Lender" and each Lender other than a Continuing Lender being a "Non-Extending Lender"); provided however, that such extension shall be effective only if the aggregate Revolving Loan Commitments of the Continuing Lenders are not less than 51% of the Total Revolving Credit Commitment of the Lenders on the date of the Extension Request. No Lender shall have any obligation to consent to any such extension of the Revolving Credit

Termination Date. If less than all of the Lenders consent to any such request pursuant to subsection (a) of this subsection 2.22, the Administrative Agent shall promptly so notify the Continuing Lenders, and each Continuing Lender may, in its sole discretion, not later than ten (10) days after receipt of such notice, give written notice to the Administrative Agent of the amount of the Non- Extending Lenders' Commitments that it is willing to accept an assignment. If the Continuing Lenders notify the Administrative Agent that they are willing to accept assignments of Commitments in an aggregate amount that exceeds the amount of the Commitments of the Non-Extending Lenders, such Commitments shall be allocated among the Continuing Lenders willing to accept such assignments in such amounts as are agreed between the Borrower and the Administrative Agent. The Administrative Agent shall notify each Lender of the receipt of an Extension Request within three (3) Business

Days after receipt thereof. The Administrative Agent shall notify the Borrower and the Lenders no later than fifteen (15) days prior to the applicable Revolving Credit Termination Date whether the Administrative Agent has received Continuation Notices from Lenders holding at least 51% of the Total Revolving Credit Commitment on the date of the Extension Request.

(b) The Revolving Credit Commitment of each Non-Extending Lender shall terminate at the close of business on the Revolving Credit Termination Date in effect prior to the delivery of such Extension Request without giving any effect to such proposed extension, and on such Revolving Credit Termination Date Borrower shall take one of the following three actions:

(i) Replace the Non-Extending Lenders pursuant to Section 2.22(c); or

(ii) Pay or cause to be paid to the Administrative Agent, for the account of the Non-Extending Lenders, an amount equal to the Non-Extending Lenders' Revolving Credit Loans, together with accrued but unpaid interest and fees thereon and all other amounts then payable hereunder; or

(iii) By giving notice to the Administrative Agent, no later than three (3) days prior to the Revolving Credit Termination Date, elect not to extend the Revolving Credit Termination Date beyond the applicable Revolving Credit Termination Date and in this event the Borrower shall repay any amount of the Revolving Credit Loans then outstanding, together with accrued but unpaid interest and fees thereon and all other amounts then payable hereunder.

(c) A Non-Extending Lender shall be obligated, at the request of the Borrower to assign pursuant to subsection 10.6(c) at any time prior to the close of business on the Revolving Credit Termination Date applicable to such Non-Extending Lender all of its rights (other than rights that would survive the termination of this Agreement pursuant to subsection 10.5) and obligations hereunder to one or more Lenders or other commercial lenders nominated by Borrower and willing to become Lenders in place of such Non- Extending Lender (the "Replacement Lenders"). In order to qualify as a Replacement Lender, a Lender or lender must satisfy all of the requirements of this Agreement (including without limitation, the Replacement Lender must satisfy the terms of subsection 10.6(c) and 10.6(e) as if such Replacement Lender is actually a "Purchasing Lender" therein). Such obligation of the Non-Extending Lenders is subject to such Non-Extending Lenders receiving payment in full from the Replacement Lenders (i) of the principal amount of all Revolving Credit Loans owing to such Non-Extending Lender immediately prior to an assignment to the Replacement Lenders and (ii) of all accrued interest and fees and other amounts payable hereunder and then owing to such Non- Extending Lender immediately prior to the assignment to the Replacement Lenders. Upon such assignment, the Non-Extending Lenders, and the Administrative Agent shall make appropriate entries in the Register to reflect the foregoing.

(c) Section 10.6(c) of the Credit Agreement is amended to (i) add ")" immediately after the phrase "(or any part of such rights and obligations" appearing in the first sentence thereof and (ii) add the parenthetical "(or in accordance with subsection 2.22(c), must)" immediately after the phrase "Any Lender may" appearing therein.

(d) Section 10.7(a) of the Credit Agreement is amended to add the phrase "other than

a Non-Extending Lender pursuant to subsection 2.22" immediately after the phrase "If any Lender" appearing in the first line thereof.

(e) The Credit Agreement is amended to add a new Exhibit E thereto as set forth and attached as Annex I hereto.

(f) The Credit Agreement is amended to add a new Exhibit F thereto as set forth and attached as Annex II hereto.

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the conditions precedent that the Administrative Agent shall have received (i) counterparts of this Amendment duly executed by the Borrower, the Majority Lenders and the Administrative Agent, (ii) all authorization documents and related opinions of counsel reasonably requested by the Administrative Agent in connection with this Amendment and (iii) payment and/or reimbursement of the reasonable fees and expenses of the Administrative Agent and its affiliates (including, to the extent invoiced, fees and expenses of counsel for the Administrative Agent) in connection with this Amendment.

3. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants as follows:

(a) This Amendment and the Credit Agreement as amended hereby constitute the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general principles of equity, regardless of whether the application of such principles is considered in a proceeding in equity or at law.

(b) As of the date hereof and giving effect to the terms of this Amendment, (i) no Event of Default or Default shall have occurred and be continuing and (ii) the representations and warranties of the Borrower contained in Article III of the Credit Agreement, as amended hereby, are true

and correct as of the Effective Date, except for representations and warranties made with reference solely to an earlier date, which representations and warranties shall be true and correct as of such earlier date.

4. Reference to and Effect on the Credit Agreement.

(a) Upon the effectiveness hereof, each reference to the Credit Agreement in the Credit Agreement or any other Loan Document shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Except as specifically amended above, the Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) Except as specifically provided above, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. Governing Law. This Amendment shall be construed in accordance with and governed by the internal laws of the State of New York, but giving effect to federal laws applicable to banks.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

7. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written .

IROQUOIS GAS TRANSMISSION SYSTEMS, L.P.,
as the Borrower

/s/ Jeffrey Bruner
Jeffrey Bruner
Vice President, General Counsel and Secretary
Iroquois Pipeline Operating Company

/s/ Scott E. Rupff
Scott E. Rupff
Vice President, Marketing, Development and Commercial Operations
Iroquois Pipeline Operating Company

JPMORGAN CHASE BANK, N.A.,
individually as a Lender and as Administrative Agent

By: /s/ Kenneth Coons
Name: Kenneth Coons
Title: Underwriter

PORTLAND NATURAL GAS TRANSMISSION SYSTEM
OPERATING (MANAGEMENT) AGREEMENT

This Agreement dated as of the 2d day of October, 1996, by and between Portland Natural Gas Transmission System, a Maine general partnership (the "Partnership"), and PNGTS Operating Co., LLC, a Massachusetts limited liability company (hereinafter referred to as "PNGTS").

WITNESSETH:

WHEREAS, the Partnership was formed pursuant to a Partnership Agreement dated as of November 23, 1993, to plan, design, construct, own and operate an interstate natural gas pipeline system extending from the United States/Canadian border to an interconnection with Tennessee Gas Pipeline near the Massachusetts-New Hampshire border (the "Facilities"); and

WHEREAS, the Partnership wishes to designate PNGTS as Operator to manage certain pre-certification activities and the design, construction, operation, maintenance and administration of the Facilities; and

WHEREAS, PNGTS is willing and able to assume the responsibilities of Operator for the Partnership on the terms and conditions set forth below;

NOW THEREFORE, in consideration of the representations, covenants and premises hereinafter set forth, the Parties agree as follows:

1. Definitions.

Those capitalized terms which are defined in the Partnership Agreement (as defined herein) shall, except as otherwise specifically provided herein, have the same meanings in this Agreement. In addition, the following capitalized terms shall have the meanings set forth below:

1.1 Completion Date. The date on which the Facilities are placed in service.

1.2 Day. A period of twenty-four (24) consecutive hours commencing at 8:00 a.m. Eastern Standard Time.

1.3 FERC. The Federal Energy Regulatory Commission.

1.4 FERC Tariff. The Partnership's tariff which is either (i) the tariff in effect pursuant to an order from FERC, or (ii) if no such FERC order is then in effect, then the tariff which the Partnership has filed with FERC.

1.5 Month. A period of time beginning on the first Day of a calendar month and ending at the same time on the first Day of the next succeeding calendar month.

1.6 Partnership Agreement. The Amended and Restated Partnership Agreement of Portland Natural Gas Transmission System, dated March 1, 1996, and all amendments thereto.

1.7 Party. The Partnership or Operator, and "Parties" shall mean both the Partnership and Operator.

1.8 Year. Each twelve (12) Month period beginning on the first Day of a calendar year and ending on the first Day of the next calendar year, Provided that the first year hereunder shall begin on the date specified in Section 9.1, and shall end on the first Day of the following calendar year, and further provided that the last contract year shall end at the end of the term provided in §9.1 of this Agreement, unless extended by mutual agreement between the Partnership and Operator.

2. Relationship of the Parties.

2.1 Appointment as Operator. Upon and subject to the terms and conditions of this Agreement, the Partnership hereby appoints PNGTS as Operator of the Facilities and PNGTS hereby accepts such appointment and agrees to act, subject to the general direction of the Partnership through the Management Committee or such other committees as may hereafter be designated by the Partnership, pursuant to the provisions of this Agreement and of the Partnership Agreement, the terms of which are incorporated herein by reference.

2.2 Operator's Authority to Execute Contracts. Subject to any procedures established and approved by the Management Committee, contracts relating to Partnership business may be executed by Operator on behalf of the Partnership. Copies of all contracts entered into by Operator which affect the Partnership or the Facilities shall be in writing and shall be provided to the Partnership. Without approval of the Management Committee, PNGTS shall not execute any contract with or otherwise commit the Partnership or PNGTS to any obligation to any third party

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unless (i) the contract or commitment is authorized pursuant to Section 3.3 or 5.2 and (ii) the contract or commitment contains a provision limiting the claims of such third party (and any of its beneficiaries) thereunder to the assets of the Partnership and expressly waiving any rights of such parties (and any beneficiaries) to proceed against the Partners individually.

2.3 Operator's Representations and Warranties. Operator hereby represents and warrants to the Partnership as follows:

2.3.1 Operator is a limited liability company duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts, with full authority to perform this Agreement.

2.3.2 This Agreement has been duly authorized by all necessary action on the part of Operator and, when executed and delivered by it and the Partnership, will be the binding agreement of Operator, enforceable against it in accordance with its terms, except as enforceability is limited by bankruptcy, insolvency or similar laws or by general equitable principles applied by a court having jurisdiction.

2.3.3 The execution, delivery and performance of this Agreement by Operator will not conflict with, or constitute a default under, the Operating Agreement of Operator, or any material contract, indenture, agreement or other instrument to which Operator is a party or by which it or its properties is bound.

2.4 Partnership's Representations and Warranties. The Partnership hereby represents and warrants to Operator as follows:

2.4.1 The Partnership is a general partnership duly organized, validly existing and in good standing under the laws of the State of Maine, with full partnership authority to perform this Agreement.

2.4.2 This Agreement has been duly authorized by all necessary partnership action on the part of the Partnership and, when executed and delivered by it and Operator, will be the binding agreement of the Partnership, enforceable against it in accordance with its terms, except as enforceability is limited by bankruptcy, insolvency or similar laws or by general equitable principles applied by a court having jurisdiction.

2.4.3 The execution, delivery and performance of this Agreement by the Partnership will not conflict with, or constitute a default under, the Partnership Agreement of the Partnership, or any material contract, indenture, agreement or other instrument to which the Partnership is a party or by which it or its properties is bound.

3. Operator's Pre-Certification, Design, Construction, Operation, Maintenance, and Administration Responsibilities.

3.1 Operator's Responsibilities. Subject to the prior budget authorizations of the Management Committee pursuant to §5.2 of this Agreement and the prior approval of the Management Committee with respect to those matters enumerated in Section 7.2.6 of the Partnership Agreement, Operator shall have the general responsibility for the day-to-day management of the design, construction, operation, maintenance, and administration of the Facilities as set forth herein. Notwithstanding the foregoing, all responsibilities not expressly delegated to Operator by this Agreement or by resolution of the Management Committee or which are not reasonably related to expressly delegated responsibilities shall be retained by the Partnership. In discharging its responsibilities hereunder, Operator shall;

3.1.1 Provide the day-to-day management, supervision, operating, marketing and maintenance services for the Facilities; identify market opportunities and services related to the Facilities and prepare and implement plans for the marketing of such services to shippers thereon, subject to the prior review and approval of such plans by the Partnership; prepare the design and construction plans for the Facilities and submit such plans to the Management Committee for its approval; act as administrative liaison and provide other related services for the Partnership, including, but not limited to, legal, accounting, engineering, environmental, construction, repair, replacement, operational planning, public relations, budgeting, technical services, insurance administration, tax services, and ail regulatory matters.

3.1.2 Prepare, file and prosecute applications for regulatory and governmental authority required by the Partnership, make periodic filings required of the Partnership by governmental or regulatory agencies having jurisdiction.

3.1.3 Prepare financing plans for the Partnership (but not for the individual Partners) and negotiate for Financing Commitments, if any, to be entered into by the Partnership for the construction of the Facilities; provided, however, that each Partner shall be entitled to be present and to participate in such negotiations.

3.1.4 Maintain accurate and itemized accounting records in accordance with Required Accounting Practice for pre-certification, design, planning, construction, operation and maintenance of the Facilities, together with any information reasonably required by the Partnership relating to such records.

3.1.5 Prepare proposed budgets and schedules for the review and approval of the Partnership pursuant to §5.2 of this Agreement.

3.1.6 Prepare the financial statements set forth in §§6.4 and 6.5 of the Partnership Agreement.

3.1.7 Pay and discharge promptly, for and on behalf of the Partnership, all costs and expenses incurred or required to be paid in connection with the Facilities pursuant to §§3.3, 5.2 and 5.3.

3.1.8 Cause the Facilities to be designed, constructed and operated in accordance with the requirements of all federal, state, or other governmental agencies having jurisdiction, including but not limited to the requirements of the United States Department of Transportation set forth in 49 CFR Part 192, in accordance with the highest and best practices then applied in the natural gas pipeline industry, and provide or cause to be provided such appropriate supervisory, audit, administrative, technical and other services as may be required.

3.1.9 Prepare tax returns required of the Partnership and pay such taxes as are required and approved to be paid by the Partnership. This includes all taxes (except those measured by income) of every kind and nature assessed or levied upon or incurred by Operator in connection with the Partnership's business.

3.1.10 Maintain custody of such funds, notes, drafts, acceptances, commercial paper and other securities belonging to the Partnership; keep funds belonging to the Partnership in the name of the Partnership on deposit in one or more interest-bearing

accounts (including certificates of deposit) with such banking institutions as shall be approved by the Management Committee as provided in §6.10 of the Partnership Agreement, or in such other accounts or investment media (including money market mutual funds and investment grade commercial paper) as the Management Committee may approve from time to time; and disburse such funds on behalf of the Partnership; provided, that the Partnership's funds shall not be commingled with funds belonging to Operator.

3.1.11 Recommend to the Partnership and negotiate service agreements with legal counsel, certified public accountants and financial and other consultants to be retained by the Partnership.

3.1.12 Supervise and administer gas transportation contracts in accordance with the Partnership's service agreements and FERC Tariff, including, but not limited to, preparation and collection of all bills for services rendered thereunder.

3.1.13 As soon as practicable after the end of each month subsequent to the Completion Date, furnish the Partnership with the volumes and BTU content of gas consumed or lost in operations during the preceding month and each shipper's proportionate share of all such volumes, together with all applicable gas volumes statements and BTU analyses.

3.1.14 Make reports to and consult with the Management Committee regarding all duties, responsibilities and actions of Operator under this Agreement in the form and at the times reasonably requested by the Management Committee, and provide access to information related thereto to the Partnership.

3.1.15 Except as otherwise provided by applicable laws or governmental regulations or as otherwise directed by the Partnership, retain all charts, records, books of account, Partnership tax returns, plans, designs, studies and reports and other documents related to the design, construction, operation, maintenance and administration of the Facilities for a period of five (5) years from the date of completion of the activity to which such records relate or such longer period as is requested by the Partnership.

3.1.16 Prepare and negotiate in the name of the Partnership rights-of-way, permits and contracts necessary for construction, operation and maintenance of the Facilities, resist the perfection of any involuntary liens against Partnership property and, to the extent permitted by law, hold Partnership property free of all involuntary liens.

3.1.17 Make reports as soon as practicable to the Partnership of all non-routine occurrences that Operator determines may have a significant adverse impact upon the operation of the Facilities and make a follow-up report at an appropriate time on the response to each such non-routine occurrence.

3.1.18 Perform such other duties as are reasonably required by the Management Committee or as are necessary or appropriate to discharge Operator's responsibilities under this Agreement.

3.2 Change in Operator's Responsibilities. The Partnership may change the authority and responsibility delegated to Operator under this §3 of this Agreement following written notice of such change. It is understood and agreed that any such change made by the Partnership shall be effective and binding on Operator under this Agreement on the first business day following the date such notification is sent by the Partnership.

3.3 Operator's Authority to Perform Unbudgeted Maintenance and Repairs. Operator is authorized to perform maintenance and repairs to the Facilities which have not been included in the most recent budget approved by the Management Committee pursuant to §5.2 of this Agreement, provided that the total cost of all such unbudgeted maintenance and repairs in any of the Partnership's fiscal years shall not exceed $100,000 or the amount permitted under §5.2 of this Agreement, whichever is greater, and provided, further, that Operator informs the Partnership of the incurrence of any such expenses. Operator is authorized to make emergency maintenance and repairs to the Facilities at any time irrespective of budget authorization. PNGTS shall give prompt written notice to the Partnership of the nature, extent and cost of such emergency maintenance and/or repairs.

3.4 Operator's Right to Request Instructions From Management Committee. Operator may at any time, if it deems it to be necessary or appropriate, request instructions from the Management Committee with respect to any matter contemplated by this Agreement and may defer action thereon

pending the receipt of such instructions. Operator shall be fully protected in acting in accordance with the instructions of the Management Committee or in omitting to act pending the receipt of such instructions, and shall have no liability for any act in good faith in compliance therewith, or for its good faith failure to act pending receipt thereof.

3.5 Preconstruction and Construction Activities. To ensure overall compatibility with the upstream and downstream Facilities and the ability for Operator to provide dispatching services hereunder, and as necessary:

3.5.1 During the design and preparation of the plans and specifications for construction of the Facilities, Operator will periodically review such plans and specifications in coordination with the Partnership and any engineering design contractor and, prior to execution of the contract(s) to construct the Facilities, Operator will meet with the Partnership, any such engineering design contractor and the proposed construction contractor(s) to review construction procedures. Any material contracts relating to the design or construction of the Facilities shall be subject to prior Management Committee review and approval.

3.5.2 Operator shall provide recommendations to the Management Committee for its approval with respect to the design and installation of measurement and regulating facilities and communications (including SCADA) equipment in conjunction with the preparation of the plans and specifications for the Facilities to ensure compatibility.

4. Employees, Consultants and Subcontractors.

4.1 Operator's Employees, Consultants and Subcontractors. Operator shall employ or retain and have supervision over the Persons (including consultants and professional service or other organizations) required by Operator to perform its duties and responsibilities hereunder in an efficient and prudent manner. Operator shall pay all budgeted expenses in connection therewith, including compensation, salaries, wages, overhead and administrative expense incurred by Operator and, if applicable, social security taxes, workers' compensation insurance, retirement and insurance benefits and other such expenses. All expenses pursuant to this §4.1 shall be reimbursed to Operator by the Partnership.

4.2 Affiliates of Operator or Partners. Operator is authorized to utilize, as it deems necessary, the services of independent contractors approved by the Management Committee, including the services of any Partner or any Partner's Affiliate, so long as the services of any such Partner or any such Partner's Affiliate are offered, provided and utilized on terms materially no less favorable to the Partnership than those prevailing at the time for comparable services of unaffiliated independent parties, and Operator shall negotiate contracts for such services and execute the same as provided for in §2.2 of this Agreement.

4.3 Standards for Operator and its Employees. Operator shall perform its services and carry out its responsibilities hereunder and shall require all of its employees and contractors, subcontractors, and materialmen furnishing labor, material or services for the construction and operation of the Facilities to carry out their responsibilities, in accordance with the highest and best practices then applied in the natural gas pipeline industry and in compliance with all relevant laws, statutes, ordinances, safety codes, regulations and rules of governmental authorities having jurisdiction applicable to the Facilities and in accordance with the FERC Tariff.

4.3.1 Operator shall require all contractors, and such contractors shall use reasonable efforts to require all subcontractors, to hold harmless and indemnify the Partnership and each Partner against any claim, loss or liability for death, personal injury or damage to or destruction of property incurred by reason of any act or omission of such act by contractors and subcontractors and their agents, servants and employees.

4.3.2 All materials and workmanship used or provided in performing the duties and responsibilities hereunder shall be in accordance with applicable drawings, specifications and standards.

4.3.3 Operator will exercise reasonable diligence to obtain the most favorable terms or warranties available from vendors, suppliers and other third parties and, where appropriate, Operator shall assign such warranties to the Partnership.

4.4 Non-Discrimination. In performing under this Agreement, Operator will not discriminate against any employee or applicant for employment because of race, creed, color, religion, sex, national origin, age or handicap, and will comply with all provisions of Executive Order 11246 of September 24,

1965 and any successor order thereto, to the extent that such provisions are applicable to Operator and/or the Partnership.

4.5 Drug Testing. The Operator shall be in compliance with the terms of the United States Department of Transportation Federal Pipeline Safety Drug Testing Regulations as provided in 49 Code of Federal Regulations, Part 199.

4.6 Prohibition on Employment of Unauthorized Aliens. The Operator covenants and agrees to exercise reasonable diligence to ensure that during the term of this Agreement, it shall not employ unauthorized aliens as defined in the Immigration Reform and Control Act of 1986, as amended.

4.7 Americans With Disabilities Act. The Operator shall comply with all provisions of the Americans With Disabilities Act of 1990, as amended

4.8 Consultants and Subcontractors. The provisions of §§4.3, 4.4, 4.5, 4.6 and 4.7 shall be applicable to any contractor, consultant and/or subcontractor retained by Operator in connection herewith.

5. Financial and Accounting.

5.1 Accounting and Reimbursement.

5.1.1 Operator shall keep a full and complete account of all costs, expenses and expenditures incurred by it or incurred by the Partnership and paid for by Operator using Partnership funds, in connection with performance of Operator's obligations hereunder in the manner set forth in the Accounting Procedure.

5.1.2 Operator shall be reimbursed by the Partnership for all reasonable and proper costs, expenses and expenditures incurred by it on behalf of the Partnership in accordance with the provisions of this Agreement; provided, however, that costs incurred by PNGTS under Section 8.1 of this Agreement shall not be reimbursed by the Partnership. It is the intent of the Parties that Operator shall perform its services hereunder on a fully reimbursed basis, pursuant to the provisions of this Agreement, without profit or loss.

5.2 Budgets. As soon as practicable, but in no event later than sixty (60) days after the date set forth in §9.1 hereof, Operator shall prepare and submit for approval of the Management Committee an initial estimate of capital expenditures, operating income and expenses and required working capital (which shall not exceed an amount sufficient to fund cash requirements for a forty-five (45) day period) which Operator anticipates for the remainder of the Year. Annually thereafter, on or before each September 1, Operator shall prepare and submit for approval of the Management Committee an estimate of capital expenditures, operating income and expenses and required working capital which Operator anticipates for the ensuing Year broken down into such individual line items and including such supporting documentation and data as the Management Committee may reasonably require. If the Management Committee does not approve a budget, or any portion thereof is not approved, then it shall be revised by Operator in accordance with the instructions of the Management Committee. Except as the Management Committee may otherwise direct, the budget approved by the Management Committee and then in effect shall constitute authorization of Operator to incur the expenditures contained in such budget and to incur expenditures up to ten percent (10%) in excess of the amount set for any line item in such budget, provided that the total of all such expenditures in excess of budgeted line item amounts shall not exceed five percent (5%) of the total amount of such budget. Operator shall immediately inform the Management Committee of any facts which Operator believes may increase or decrease any line item in the most recent budget approved by the Management Committee by ten percent (10%) or more or increase or decrease the total amount of such budget by five (5%) or more and submit a revised budget for approval prior to making any expenditures, unless the expenditures are covered by §3.3 of this Agreement.

5.3 Working Capital Advances and Other Funds. The Operator may, by written notice, request that the Partnership make advances to fund three (3) months of its working capital requirements as provided for in the applicable budget then in effect pursuant to §5.2 hereof, and shall be authorized to retain from the operating revenues of the Partnership sufficient funds to meet such working capital requirements. The Operator shall hold any such working capital funds separate and apart from its other funds and in trust for the payment of the Partnership's expenses pursuant hereto, shall be authorized to pay the Partnership's expenses from such working capital funds in its possession, shall invest such funds to obtain a maximum return consistent with preservation of the Partnership's capital,

and shall not use any such funds for purposes other than in connection with this Agreement.

5.4 Rate Reviews. Operator shall review from time to time the rates and fees charged for transportation services and other matters contained in the FERC Tariff and recommend to the Partnership revisions in such rates and fees and other matters as necessary to reflect increased or decreased costs or other changes in the conditions of service in order to assure that all costs are reflected in the FERC Tariff. Operator shall also be responsible for all governmental regulatory filings as required.

5.5 Audit and Examination. In addition to the audit responsibilities assigned by the Partnership Agreement to the Audit Committee, any Partner(s), the Partnership or their designated representatives (including in the case of the Partnership representatives from each Partner), after fifteen (15) Days' notice in writing to Operator, shall have the right during normal business hours to audit or examine, at the expense of the Partner(s) or the Partnership conducting the audit or examination, all books and records of the Operator as well as the relevant books of account of the Operator's contractors, relating to the pre-certification design, construction, operation, maintenance, and administration of the Facilities; provided, however, that the total number of audits commenced in any Year by a Partner shall not exceed two. Such audit right shall include the right to meet with Operator's internal and independent auditors to discuss matters relevant to the audit or examination. All audits by a Partner hereunder shall take place within two (2) Years after the close of the Year with respect to which such audit is conducted; provided, however, that any Partner audits relating to construction costs may be made up to forty-eight (48) Months after the Completion Date. The Operator shall respond to any claim or discrepancies made or discovered under this §5.5 within one (1) month of its receipt of such claim or discrepancies.

5.6 Inspection. Each Partner shall, at its sole risk and expense, have the right at all reasonable times during normal business hours to inspect the Facilities.

6. Status of Operator. In performing services pursuant to this Agreement, Operator shall be an independent contractor to the Partnership.

7. Intellectual Property.

7.1 Inventions and Copyrights. Any (i) inventions, whether patentable or not, developed or invented, or (ii) copyrightable material, developed by Operator or its Affiliates or employees while engaged primarily in the performance of services under this Agreement shall, unless

otherwise directed, be assigned to the Partnership, which shall have the exclusive right to the exploitation thereof. All subcontracts entered into by Operator hereunder shall contain a provision comparable to this §7.1, unless the Management Committee otherwise agrees.

7.2 Confidentiality. Operator and the Partnership shall comply with the provisions applicable to confidential information set out in §13.12 of the Partnership Agreement, which provisions are incorporated herein by reference as if set out in full.

7.3 License to Operator. The Partnership hereby grants to Operator on behalf of the Partnership an irrevocable, royalty-free, non-exclusive and non-assignable license to use, for the duration of its appointment as Operator or for the term of this Operating Agreement, whichever period is shorter, any confidential information provided to the Operator and designated as such by the Partnership, or generated by the Partnership or Operator on behalf of the Partnership during the term of the Partnership Agreement. For purposes of this §7.3, confidential information shall include, but shall not be limited to, inventions (whether patented or not) and copyrighted or copyrightable material. As a condition precedent to the effectiveness of the aforesaid license, Operator hereby expressly agrees that it will utilize such confidential information solely in connection with the performance of its duties hereunder and further expressly agrees that if Operator is not a Partner or an Affiliate of one or more Partners, it will be subject to and bound by the provisions set forth in §13.12 of the Partnership Agreement as if it were a Partner, which provisions are incorporated herein by reference as if set out in full. Upon termination of this Operating Agreement, its removal as Operator or assignment pursuant to Section 15.6 hereof, Operator shall return all confidential information which has been provided to it pursuant to the aforesaid license, together with all reproductions thereof in Operator's possession, to the Partnership.

8. Indemnification, Litigation, Insurance and Liability.

8.1 Operator's Indemnity. Operator shall indemnify, defend and hold the Partnership, its Partners, employees and agents and the Affiliates, directors, officers, employees and agents of its Partners, harmless from and against any claim, demand, cause of action, liabilities (including reasonable attorneys' fees), damages, loss or expense arising from or related in any way to:

8.1.1 all actions or failures to act by Operator which are not in accordance with the terms of this Agreement or any express direction by the Partnership.

8.1.2 claims for non-payment of any and all contributions, withholding deductions or taxes measured by the wages, salaries or compensation paid to Persons employed by Operator in connection herewith except for claims associated with or resulting from good faith efforts to contest such taxes.

8.1.3 Partnership losses and/or third party claims arising from Operator's gross negligence or willful misconduct or both.

8.2 Partnership's Indemnity.

8.2.1 The Partnership shall indemnify and hold harmless Operator and its agents, and employees from and against all actions, claims, demands, costs and liabilities (including reasonable attorneys' fees) (but only to the extent that such actions, claims, demands, costs and liabilities are not satisfied by insurance) arising out of the acts (or failure to act) in good faith of Operator, its agents and employees within the scope of Operator's authority under this Operating Agreement, including actions, claims, demands, costs and liabilities resulting from the negligence of Operator, its agents and employees, and Operator, its agents and employees shall not be liable for any obligations, liabilities, or commitments incurred by or on behalf of the Partnership as a result of any such acts (or failure to act). Operator, its agents and employees shall not be indemnified for any actions, claims, demands, costs and liabilities resulting from their gross negligence or willful misconduct.

8.2.3 Any and all claims, damages or causes of action against the Partnership in favor of anyone other than the Partnership or Operator arising out of the pre-certification design, construction, operation, maintenance, and administration of the Facilities which

are not covered by insurance shall be settled or litigated and defended by Operator in accordance with its best judgment and discretion when either (A) (i) the amount involved is less than a ceiling amount to be established by the Management Committee, (ii) no injunctive or similar relief is sought, (iii) no criminal sanction is sought, and (iv) no environmental or safety issues are involved; or (B) the action is one for which Operator is required to provide indemnification pursuant to §8.1 of this Agreement. Otherwise, any decision to settle, litigate or defend such claims, damages or causes of action shall be made by the Partnership.

8.3 Insurance.

8.3.1 Operator shall carry and maintain insurance in amounts and on such terms as may be directed by the Partnership from time to time, so as to protect Operator, its agents and employees against all actions, claims, demands, costs and liabilities arising out of the negligence of Operator, its agents and employees in connection with their good faith acts (or failure to act) within the scope of Operator's authority under this Operating Agreement. Operator shall, subject to the approval of the Management Committee, carry and maintain such other insurance for the benefit of the Partnership and Operator and require contractors, subcontractors or consultants to carry and maintain insurance deemed adequate by Operator, as approved by the Management Committee, (i) to protect the Partnership and Operator and (ii) satisfy any other requirements under applicable law.

8.3.2 With respect to claims and losses covered by insurance other than insurance provided for in §8.3.1 of this Agreement, it is agreed that neither Operator nor the Partnership shall have any rights of recovery against one another, or against the Affiliates of each, or the insurers of either of them, and their rights of recovery are mutually waived to the extent of the loss covered by insurance other than insurance provided for in §8.3.1 hereof. All such policies of insurance shall be endorsed properly to effectuate this waiver of

recovery, provided, however, that if either the Partnership or Operator is unable, despite its best efforts, to obtain such an endorsement, then the other Party may waive or appropriately modify this requirement.

8.4 Limitation of Liability. The Partnership and Operator hereby agree that any claim against the Partnership or Operator which may arise hereunder shall be made only against the assets of the Partnership or Operator, as the case may be, and that all rights to proceed against the Partners of the Partnership or the shareholder(s) of Operator or the assets of either, other than their interests in the Partnership or Operator, as the case may be, as a result of any such claim or any obligations arising therefrom, are hereby expressly waived.

8.5 Subrogation. The Partnership shall be subrogated to Operator's rights with respect to any matter covered by the indemnity provided by the Partnership to Operator hereunder. If Operator recovers damages from a third party relating to a matter for which the Operator has already been paid or compensated, then it is agreed that Operator shall pay the amount of such third party recovery to the Partnership.

9. Term.

9.1 Term. This Agreement shall be effective as of the date set forth at the beginning of this Agreement and, subject to the provisions of the Partnership Agreement, shall continue for a term of twenty (20) years after the Completion Date, and thereafter on a year-to-year basis subject to termination by either Party upon one year's written notice to the other Party, unless sooner terminated upon ten (10) days written notice from the Partnership to the Operator.

10. Survival of Obligations. The termination of this Agreement shall not discharge either Party from any obligation which it owes to the other Party by reason of any transaction, commitment or agreement entered into, or any loss, cost, damage, expense or liability which shall occur or arise (or the circumstances, events or basis of which shall occur or arise) prior to such termination.

11. Accounting and Taxes.

11.1 Consistent with Partnership Agreement. The accounting and tax service provided by Operator shall be consistent with the applicable provisions of §6 of the Partnership Agreement which are incorporated by reference herein as if set forth in full. Matters of tax policy for the Partnership shall be the responsibility of and determined by the Management Committee in accordance with §7.6 of the Partnership Agreement.

12. Law of the Contract. This Agreement shall be construed and interpreted under the laws of the State of Maine, without regard to the principles of conflicts of laws.

13. Force Majeure.

13.1 Effect of Force Majeure. In the event that either the Partnership or Operator is rendered unable, by reason of any event of force majeure, as defined herein, to perform, wholly or in part, any obligation or commitment set forth in this Agreement, then upon such Party's giving notice and full particulars of such event as soon as practicable after the occurrence thereof, the obligations of both Parties, except for unpaid financial obligations arising prior to such event of force majeure, shall be suspended to the extent and for the period of such force majeure condition.

13.2 Nature of Force Majeure. The term "force majeure" as used in this Agreement shall mean acts of God, strikes, lockouts, or industrial disputes or disturbances, civil disturbances, arrests and restraint from rulers of people, interruptions by government or court orders, present and future valid orders, decisions or rulings of any government or regulatory entity having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, inability to secure labor or inability to secure materials, including inability to secure materials by reason of allocations promulgated by authorized governmental agencies, epidemics, landslides, lightning, earthquakes, fire, storms, floods, washouts, inclement weather which necessitates extraordinary measures and expense to construct facilities and/or maintain operations, explosions, breakage or accident to machinery or lines of pipe, freezing of pipelines, inability to obtain or delays in obtaining easements or rights-of-way, the making of repairs or alterations to pipelines or plants, or any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the Party claiming force majeure.

13.3 Non-Force Majeure Situations. Neither Operator nor the Partnership shall be entitled to the benefit of the provisions of §13.1 of this Agreement under the following circumstances:

13.3.1 To the extent that the failure was caused by the Party claiming suspension having failed to remedy the condition by taking all reasonable acts, short of litigation, if such remedy requires

litigation, and having failed to resume performance of such commitments or obligations with reasonable dispatch;

13.3.2 If the failure was caused by failure of the Party claiming suspension to request or pay necessary funds in a timely manner, or with respect to the payment of any amounts then due hereunder;

13.3.3 To the extent that the failure was caused or contributed to by the negligence, gross negligence or willful misconduct of the Party claiming suspension.

13.4 Resumption of Normal Performance. Should there be an event of force majeure affecting performance hereunder, the Parties shall cooperate to take all reasonable steps to remedy such event with all reasonable dispatch to insure resumption of normal performance.

13.5 Strikes and Lockouts. Settlement of strikes and lockouts shall be entirely within the discretion of the Party affected, and the requirement in §§13.3.1 and 13.4 of this Agreement that any event of force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the parties directly or indirectly involved in such strikes or lockouts when such course is inadvisable in the discretion of the Party having such difficulty.

14. General.

14.1 Effect of Agreement. This Agreement, together with the Partnership Agreement, reflects the whole and entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, among the Parties with respect to the subject matter hereof.

14.2 Notices. Unless otherwise specifically provided in this Agreement, any written notice or other communication shall be sufficiently given or shall be deemed given on the fifth (5th) business day following the date on which the same is mailed by registered or certified mail, postage prepaid, or on the next business day following the date on which the same is sent via a nationally recognized courier service or by telecommunication, in each case addressed:

14.2.1 if to Operator, to:

Michael A. Minkos, President
300 Friberg Parkway
Westborough, MA 01581-5039

or such other person and/or address as may be designated from time to time by written notice to the Partnership.

14.2.2 if to the Partnership, to each of the Partners as set forth in §13.2.1 of the Partnership Agreement or to such other Person and/or address as may be designated from time to time by any Partner by written notice to Operator. Any Partner may request that additional copies of notices be given to an Affiliate of such Partner at such address as is designated by such Partner by written notice to Operator; provided, however, that any failure to give such notice shall not affect the validity of any notice given to any Partner or the Partnership in accordance with this §14.2. Operator agrees to give such notice to any such Affiliate.

14.3 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14.4 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

14.5 Waiver. No waiver by any Party of any default by any other Party in the performance of any provision, condition or requirement herein shall be deemed to be a waiver of, or in any manner release the other Party from, performance of any other provision, condition or requirement herein, nor shall such waiver be deemed to be a waiver of, or in any manner a release of, the other Party from future performance of the same provision, condition or requirement. Any delay or omission of any Party to exercise any right hereunder shall not impair the exercise of any such right, or any like right, accruing to it thereafter. No waiver of a right created by this Agreement by one Party shall constitute a waiver of such right by the other Party except as may otherwise be required by law with respect to Persons not parties hereto. The failure of one Party to perform its obligations hereunder shall not release the other Party from the performance of such obligations.

14.6 Assignability. This Agreement may not be assigned by the Operator, nor may Operator delegate any of its obligations hereunder except as otherwise expressly permitted or contemplated hereby, without the prior written consent of the Partnership, which consent may be granted or withheld in such the Partnership's sole discretion. The Partnership may assign this Agreement without the consent or approval of the Operator. Any assignment hereunder shall be effective on the first Day of the Month following the Month during which the assignment is complete. In the event of an assignment of this Agreement by either Party, the assignor shall have no further rights, liability or obligations hereunder; provided, however, that the assignor shall not be discharged from any obligation which it owes to the other Party by reason of any loss, cost, damage, expense or liability which shall occur or arise (or the circumstances, events or basis of which shall occur or arise) prior to the effective date of such assignment. This Agreement and all of the obligations and rights herein established shall extend to and be binding upon and shall inure to the benefit of the respective successors and permitted assigns of the respective Parties hereto.

14.7 References to Money. All references in this Agreement to money shall be to or in Dollars of the United States of America.

14.8 Severability. Should any provision of this Agreement be deemed in contradiction with the laws of any jurisdiction in which it is to be performed or unenforceable for any reason, such provision shall be deemed null and void, but this Agreement shall remain in force in all other respects. Should any provision of this Agreement be or become ineffective because of changes in applicable laws or interpretations thereof or should this Agreement fail to include a provision that is required as a matter of law, the validity of the other provisions of this Agreement shall not be affected thereby. If such circumstances arise, the Parties hereto shall negotiate in good faith appropriate modifications to this Agreement to reflect those changes that are required by law.

14.9 Third Persons. Nothing herein expressed or implied is intended or shall be construed to confer upon or to give any Person not a Party hereto any rights or remedies under or by reason of this Agreement.

14.10 Laws and Regulatory Bodies. This Agreement and the obligations of the Parties hereunder are subject to all applicable laws, rules, orders and regulations of governmental authorities having jurisdiction and, in the

event of conflict, such laws, rules, orders and regulations of governmental authorities having jurisdiction shall control.

14.11 Remedies Cumulative. Remedies provided under the provisions of this Agreement shall be cumulative and, shall be in addition to the remedies provided by law or in equity.

14.12 Conflicts. In the event there is any conflict between this Agreement and any schedule or subsequent agreement referred to herein, the provisions hereof shall be deemed controlling, except in the event of a conflict with the Partnership Agreement, in which event the Partnership Agreement shall be deemed controlling.

14.13 Approval of Partnership or Management Committee. Unless otherwise specified, when the approval or other action of the Partnership is required under this Agreement such requirement shall be deemed to require approval of the Management Committee pursuant to the provisions of §7 of the Partnership Agreement.

14.14 Amendment. This Agreement may be amended, supplemented, restated, modified or otherwise changed only upon the written direction of the Partnership.

14.15 Section Numbers. Unless otherwise indicated, references to Section numbers are to Sections of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the 2d day of October, 1996.

THE PARTNERSHIP:

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

By: NATURAL GAS DEVELOPMENT, INC.
(Its General Partner)

/s/ Dwight G. Curley
By: Dwight G. Curley
Title: Chairman of the Board

By: ELPASO ENERGY PORTLAND CORPORATION
(Its General Partner)
(formerly TENNECO PORTLAND CORPORATION)

/s/ E. J. Holm
By: E. J. Holm
Title: Sr. Vice President

By: JMC PORTLAND (INVESTORS), INC.
(Its General Partner)

/s/ John A. Rosenkranz
By: John A. Rosenkranz
Title: Manager

By: GAZ METRO PORTLAND
CORPORATION (Its General Partner)

/s/ Sophie Brochu
By: Sophie Brochu
Title: VP Development

By: MCNIC EAST COAST PIPELINE COMPANY (Its General Partner) (formerly EAST COAST PIPELINE COMPANY)

/s/ Michael Feodorov

By: Michael Feodorov

Title: Director Business Development

By: TCPL PORTLAND, INC. (Its General Partner)

/s/ Philip Knoll

By: Philip Knoll

Title: V.P. Development

OPERATOR:

PNGTS OPERATING CO., LLC

/s/ Michael A. Minkos

By: Michael A. Minkos

Title: President

Exhibit 10.2

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

AMENDED AND RESTATED OPERATING (MANAGEMENT) AGREEMENT — US

THIS AGREEMENT dated as of the 1st day of January, 2012, (the "Effective Date") by and between PNGTS Operating Co., LLC, a Massachusetts limited liability company (hereinafter referred to as "Opco") and 9207670 Delaware Inc., a Delaware company (hereinafter referred to as "Serviceco").

WITNESSETH:

WHEREAS Portland Natural Gas Transmission System ("PNGTS") was formed as a Maine general partnership pursuant to an Amended and Restated Partnership Agreement dated March 1, 1996;

WHEREAS, PNGTS owns a FERC-regulated interstate natural gas pipeline (the "PNGTS Pipeline") extending from an interconnection with the TQM pipeline system near Pittsburgh, New Hampshire to an interconnection with Tennessee Gas Pipeline Company pipeline system ("Tennessee") near Haverhill, Massachusetts (the "Facilities");

WHEREAS, the portion of PNGTS from Westbrook, Maine to the interconnection with the Tennessee pipeline system (the "Joint Facilities") is jointly owned with Maritimes and Northeast Pipeline L.L.C. ("MNE") and is operated by M & N Operating Company pursuant to an agreement with PNGTS and MNE dated October 8, 1997 (the "MNE Operating Agreement");

WHEREAS, Opco is designated as the operator of PNGTS pursuant to an agreement with PNGTS dated October 2, 1996; and

WHEREAS, Opco subcontracted a portion of its responsibilities as operator of the PNGTS system to Serviceco, and such services are performed in the United States under the original operating agreement dated August 3rd, 2004 (the "US PNGTS Operating Agreement"); and

WHEREAS, Opco and Serviceco have accordingly agreed to cancel, amend and restate the US original PNGTS Operating Agreement in order to change the fee structure from a fixed fee basis to a fully reimbursed, as spent basis.

NOW THEREFORE, in consideration of the representations, covenants and premises hereinafter set forth, the Parties agree as follows:

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1. Definitions

Those capitalized terms which are defined in the Partnership Agreement (as defined herein) shall, except as otherwise specifically provided herein, have the same meanings in this Agreement. In addition, the following capitalized terms shall have the meanings set forth below:

1.1. Additional Services. The Additional Services described in Section 3.9.

1.2. Additional Services Cost. The cost of any Additional Services, including labour, expenses or capital costs related to the Additional Services, and including the internal fully allocated cost of Additional Services provided by or performed by TransCanada.

1.3. Affiliate. Any Person which, directly or indirectly through one or more Persons, controls or is controlled by or is under common control with another Person, including, without limitation, any direct or indirect subsidiary of TransCanada.

1.4. Budget Reporting Form. The form as attached as Schedule "A".

1.5. Canadian Operating Agreement. The Amended and Restated Operating (Management) Agreement dated January 1st, 2012 between Opco and 1120436 Alberta Ltd.

1.6. Capital Services. The Capital Services described in Section 3.7.

1.7. Capital Services Costs. The costs incurred in connection with providing the Capital Services including labour, expenses or capital costs related to the Capital Services, and including the internal fully allocated cost of Capital Services provided by or performed by TransCanada.

1.8. Day. A period of 24 consecutive hours commencing at 8:00 a.m. Eastern Standard Time.

1.9. Excluded Event. An event which: (i) is covered by the insurance maintained in accordance with this Agreement; (ii) is the direct result or is directly attributable to the gross negligence or wilful misconduct of Serviceco Group that was not attributable to the instructions, authorization, approval of or concurrence of Opco or the Partnership; or (iii) is a breach of this Agreement.

1.10. FERC. The Federal Energy Regulatory Commission.

1.11. FERC Tariff. The Partnership's tariff which is either (i) the tariff in effect pursuant to an order from FERC, or (ii) if no such FERC order is then in effect, then the tariff which the Partnership has filed with FERC.

1.12. Loss. With respect to any Person, means any loss, expense, injury, liability, death, damage, or claim against that Person.

1.13. Material Change. Any significant regulatory, governance, environmental, or legislative change from the current PNGTS operating environment which increases the cost of providing the Operating Services.

1.14. Month. A period of time beginning on the first Day of a calendar month and ending at the same time on the first Day of the next succeeding calendar month.

1.15. Partnership Agreement. The Amended and Restated Partnership Agreement of Portland Natural Gas Transmission System, dated March 1, 1996, and all amendments thereto.

1.16. Operating Agreement. The Portland Natural Gas Transmission System Operating (Management) Agreement between PNGTS and Opco dated October 2, 1996, as amended.

1.17. Operating Service. Any service provided by Serviceco pursuant to Section 3.1

1.18. Party. Serviceco or Opco and "Parties" shall mean Opco and Serviceco.

1.19. Person. An individual, corporation, trust, limited or general partnership, or joint venture.

1.20. Serviceco Group. Collectively, Serviceco, its Affiliates, and its subcontractors, shareholders, directors, officers, servants, agents, employees and consultants.

1.21. Rate Case Hearing. Any matter related to a general rate application by PNGTS pursuant to the Natural Gas Act.

1.22. Termination Costs. As defined in Section 5.1.2.

1.23. TransCanada. TransCanada Pipelines Limited or any wholly-owned Affiliate which performs any part of the Operating Services, the Capital Services and the Additional Services.

1.24. Year. Each 12 Month period beginning on the first Day of a calendar year and ending on the first Day of the next calendar year, provided that the first year hereunder shall begin on the date specified in Section 10.1, and shall end on the first Day of the following calendar year, and further provided that the last contract year shall end at the end of the term provided in Section 10.1 of this Agreement, unless extended by mutual agreement between the Partnership and Operator.

2. Relationship of the Parties

2.1. Appointment as Operator. Upon and subject to the terms and conditions of this Agreement, Serviceco agrees to perform the portion of Opco's obligations under the Operating Agreement described in Section 3.1. The performance of

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Serviceco's obligations under this Agreement shall be subject to the general direction of the Partnership through the Management Committee or such other committees as may hereafter be designated by the Partnership, pursuant to the provisions of this Agreement and of the Partnership Agreement, the terms of which are incorporated herein by reference.

2.2. Operator's Authority to Execute Contracts. Subject to any procedures established and approved by the Management Committee, contracts relating to the scope of this Agreement business may be executed by Serviceco. Copies of all contracts entered into by Serviceco which affect the Partnership or the Facilities shall be in writing and shall be provided to the Partnership. Without approval of the Management Committee, Serviceco shall not execute any contract with or otherwise commit the Partnership or Serviceco to any obligation to any third party unless (i) the contract or commitment is authorized pursuant to Section 3.4 or 5.2 and (ii) the contract or commitment contains a provision limiting the claims of such third party (and any of its beneficiaries) thereunder to the assets of the Partnership and expressly waiving any rights of such parties (and any beneficiaries) to proceed against the Partners individually.

3. Operator's Responsibilities

3.1. Operating Services. Subject to the prior budget authorizations of the Management Committee pursuant to Section 5.2 of this Agreement and the prior approval of the Management Committee with respect to those matters enumerated in Section 7.2.6 of the Partnership Agreement, and subject to the assignments of responsibility in the Canadian Operating Agreement and the MNE Operating Agreement, Operator shall have the general responsibility for the matters set forth herein. Notwithstanding the foregoing; (i) all responsibilities not expressly delegated to Opco by the Operating Agreement or by resolution of the Management Committee or which are not reasonably related to expressly delegated responsibilities are retained by the Partnership and are not delegated to Serviceco pursuant to this Agreement, and (ii) any responsibilities not specifically delegated to Serviceco herein are retained by Opco. Serviceco shall ensure that it shall perform its obligations under this Agreement in a manner which results in Opco meeting its obligations under the Operating Agreement. In discharging its responsibilities hereunder, Serviceco shall:

3.l.1. Provide the day-to-day management, supervision, operating, and maintenance services for the Facilities; act as administrative liaison and provide other related services for the Partnership, including, but not limited to, legal, environmental, construction, repair, replacement, operational planning, public relations, budgeting, technical services, and all regulatory matters excluding regulatory matters related to Capital Services and Additional Services.

3.1.2. Provide a business development function for PNGTS in accordance with Schedule "B"

3.1.3. Prepare proposed budgets and schedules for the review and approval of the Partnership pursuant to Section 5.2 of this Agreement.

3.1.4. Maintain the corporate records of the Partnership and Opco.

3.1.5. Make reports to and consult with the Management Committee regarding all duties, responsibilities and actions of Serviceco under this Agreement in the form and at the times reasonably requested by the Management Committee, and provide access to information related thereto to the Partnership.

3.1.6. Except as otherwise provided by applicable laws or governmental regulations or as otherwise directed by the Partnership, retain all charts, records, plans, design, studies and reports and other documents related to the design, construction, operation, maintenance and administration of the Facilities for a period of seven (7) years from the date of completion of the activity to which such records relate or such longer period as is requested by the Partnership.

3.1.7. Prepare and negotiate in the name of the Partnership rights-of-way, permits and contracts necessary for the operation and maintenance of the Facilities, resist the perfection of any involuntary liens against Partnership property and, to the extent permitted by law, hold Partnership property free of all involuntary liens.

3.1.8. Cause the Facilities to be operated in accordance with the requirements of all federal, state or other government agencies having jurisdiction, including but not limited to the requirements of the United States Department of Transportation set forth in 49 CFR Part 192, in accordance with the sound, workmanlike and prudent practices of the natural gas pipeline industry, and provide or cause to be provided such appropriate supervisory, audit, administrative, technical and other services as may be required, provided that none of the services referenced in this Section shall include Additional Services or Capital Services.

3.1.9. Make reports as soon as practicable to the Partnership of all non-routine occurrences that Serviceco determines may have a significant adverse impact upon the operation of the Facilities and make a follow-up report at an appropriate time on the response to each such non-routine occurrence.

3.1.10. Perform gas measurement responsibilities for PNGTS Pipeline including, without limitation, monitoring meter stations, the control of valves, flow regulators, and quantity measurement facilities, the measurement of

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quantities of natural gas actually received into and delivered from PNGTS Pipeline and the allocation of such quantities to PNGTS' shippers.

3.1.11. Monitor the quality of natural gas received into and delivered out of the PNGTS Pipeline to maintain quality specifications that are consistent with the quality specifications of PNGTS Pipeline's tariff.

3.1.12. Administer any and all interconnect agreements between the PNGTS Pipeline and any other Person with upstream or downstream facilities that interconnect with the PNGTS Pipeline.

3.2. Limitation on Liability. For greater certainty, Serviceco undertakes no liability for the following expenses, which will, if payable, be paid for by Opco on behalf of PNGTS using the accounts of PNGTS or Opco, as the case may be:

1. Any taxes not specifically noted above, including ad valorem;
2. depreciation;
3. interest expense and other financial charges;
4. amortization; and
5. facilities expansions.

3.3. Change in Serviceco's Responsibilities. The Partnership may change the authority and responsibility delegated to Opco under Article 3 of the Operating Agreement following written notice of such change. Upon any such change which affects the obligations included in this Agreement, Serviceco and Opco shall agree to amend this Agreement to reflect such change.

This includes but is not limited to all costs, including costs to Serviceco's Affiliates, related to the acquisition or termination of any labour, contract or material resources. Within 90 days from the notice of change, Serviceco shall submit a budget reflecting these changes to the Management Committee subject to approval under Article 5.0.

3.4. Serviceco's Authority to Perform Unbudgeted Maintenance and Repairs. Serviceco is authorized to perform maintenance and repairs to the Facilities which have not been included in the most recent budget approved by the Management Committee pursuant to Section 5.2 of this Agreement, provided that the total cost of all such unbudgeted maintenance and repairs in any of the Partnership's fiscal years shall not exceed $100,000 or the amount permitted under Section 5.2 of the Operating Agreement, whichever is greater, and provided, further, that Serviceco informs the Partnership of the incurrence of any such expenses. Serviceco is authorised to make emergency maintenance and repairs to the Facilities at any

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time irrespective of budget authorization. Serviceco shall give prompt written notice to the Partnership of the nature, extent and cost of such emergency maintenance and/or repairs.

3.5. Right to Request Instructions from Management Committee. Opco shall, at the request of Serviceco, exercise its ability to request instructions from the Management Committee in accordance with Section 3.3 of the Operating Agreement with respect to any matter contemplated by this Agreement and may defer action thereon pending the receipt of such instructions. Serviceco shall be fully protected in acting in accordance with the instructions of the Management Committee or in omitting to act pending the receipt of such instructions, and shall have no liability for any act in good faith in compliance therewith, or for its good faith failure to act pending receipt thereof.

3.6. Construction and Operation of a Facilities Expansion. Serviceco's responsibilities shall not include the preparation of any regulatory application, or maintenance or construction activities related to an expansion of the PNGTS Pipeline (a "Facilities Expansion"). Any activities related to the planning and construction of a Facilities Expansion, including design, regulatory and environmental authorizations and applications, equipment purchases, construction management and land acquisition shall be considered Additional Services. If a Facilities Expansion is proposed and built by the Partnership, the Parties' responsible executive officers will meet to negotiate an increase in the fees for the services provided pursuant to this Agreement based on the additional operational requirements of the PNGTS Pipeline, and, if the Parties are not able to agree on an increased fee within four days of the commencement of negotiations, either party may require that the increased fee set by binding commercial arbitration in using the procedures set out in Section 12 of the Partnership Agreement.

3.7. Capital Services. Serviceco will provide Capital Services to Opco in relation to the PNGTS Pipeline. Capital Services includes the labour and expenses (including any equipment or pipe purchase expenses) for Serviceco employees or contractors performing work on the PNGTS Pipeline which would ordinarily be accounted for as part of the total capital cost for such activities in accordance with PNGTS' capital accounting policy, including the labour component of Serviceco's pipe integrity and maintenance programs and work on any regulatory authorizations related to such Capital Services.

3.8. Payment for Capital Services. Where Capital Services are either specifically authorized by the Partnership or included in a budget which is approved by the Partnership, Opeo shall pay Serviceco any related Capital Service Costs.

3.9. Payment for Additional Services. Additional Services include any management, administrative or operational activity performed by Serviceco and relating to the PNGTS, including Rates Case Hearings, pigging (to the extent such costs are incremental to costs included in operating budgets) and integrity management

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program commitments that cause incremental or unforeseen services, and any associated regulatory applications, which are not included in the Operating Services or which are not a Capital Service. Where Additional Services are either specifically authorized by the Partnership or included in a budget which is approved by the Partnership, Opco shall pay Serviceco for any Additional Service Costs.

4. Employees, Consultants and Subcontractors

4.1. Serviceco's Employees, Consultants and Subcontractors. Serviceco shall employ or retain and have supervision over the Persons (including consultants and professional service or other organizations) required by Serviceco to perform its duties and responsibilities hereunder in accordance with sound, workmanlike and prudent practices of the gas transmission pipeline industry. Serviceco shall pay all budgeted expenses in connection therewith, including compensation, salaries, wages, overhead and administrative expense incurred by Serviceco and, if applicable, social security taxes, workers' compensation insurance, retirement and insurance benefits and such other expenses. Serviceco may cause its employees, contractors or agents, or the employees, contractors or agents of TransCanada, to perform its obligations under this Agreement at any property owned or controlled by PNGTS or Opco, including any part of the right-of-way of the PNGTS Pipeline.

4.2. Standards for Serviceco and its Employees. Serviceco shall perform its services and carry out its responsibilities hereunder and shall require all of its employees and contractors, subcontractors, and materialmen furnishing labor, material or services for the construction and operation of the Facilities to carry out their responsibilities, in accordance with the sound, workmanlike and prudent practices then applied in the natural gas pipeline industry and in compliance with all relevant laws, statutes, ordinances, safety codes, regulations and rules of governmental authorities having jurisdiction applicable to the Facilities and in accordance with the FERC Tariff.

4.2.1. Serviceco shall require all contractors, and such contractors shall use reasonable efforts to require all subcontractors, to hold harmless and indemnify the Partnership and each Partner against any claim, loss or liability for death, personal injury or damage to or destruction of property incurred by reason of any act or omission of such act by contractors and subcontractors and their agents, servants and employees.

4.2.2 All materials and workmanship used or provided in performing the duties and responsibilities hereunder shall be in accordance with applicable drawings, specifications and standards.

4.2.3. Serviceco will exercise reasonable diligence to obtain the most favourable terms or warranties available from vendors, suppliers and other third

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parties and, where appropriate, Serviceco shall assign such warranties to the Partnership.

4.3. Consultants and Subcontractors. The provisions of Section 4.2 shall be applicable to any contractor, consultant and/or subcontractor retained by Serviceco in connection herewith.

5. Financial and Accounting

5.1. Accounting and Reimbursement

5.1.1. Serviceco shall keep a full and complete account of all costs, expenses and expenditures incurred by it or incurred by the Partnership and paid for by Serviceco using Partnership or Opco funds, in connection with performance of Serviceco's obligations hereunder.

5.1.2. Opco shall compensate Serviceco on a fully reimbursed basis, without profit or loss. If this Agreement is terminated in any manner, Opco will firstly be responsible for payment to Serviceco of all outstanding transition costs incurred by Serviceco associated with the transfer of services and contracts. Opco will also be responsible for payment of all costs of transitioning services out of Serviceco ("Termination Costs"). This includes all termination costs of employees, including severance, required administration time, additional pension payments, earned vacation accruals, continuation of benefits for a predetermined amount of time in line with Serviceco policies, and any other costs

attributable to the severance of these employees. Opco will also be responsible for all costs of transferring equipment, capital assets, data or any other requirements from Serviceco facilities, including the payment of TransCanada and Serviceco personnel to help with this movement. Serviceco will not withhold any material information, however, the sale of capital assets and equipment is at the sole discretion of Serviceco, and will be sold at minimum for the fair market value of the item in question.

5.2. Budgets. As soon as practicable, but in no event later than 60 days after the Effective Date, Serviceco shall prepare and submit for approval of the Management Committee an initial estimate of capital expenditures, operating income and expenses which Serviceco anticipates for the remainder of the Year. Annually thereafter, on or before each October 1, Serviceco shall prepare and submit for approval of the Management Committee a budget for capital expenditures, operating income and expenses and cash flows which Serviceco anticipates for the ensuing Year as per the Budget Reporting Form in Schedule "A". If the Management Committee does not approve a budget, or any portion thereof is not approved, then it shall be revised by Serviceco in accordance with the instructions of the Management Committee. Except as the Management Committee may otherwise direct, the budget approved by the Management

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Committee and then in effect shall constitute authorization of Serviceco to incur the expenditures contained in such budget and to incur expenditures up to ten percent in excess of the amount set for any line item in such budget, provided that the total of all such expenditures in excess of budgeted line item amounts shall not exceed five percent. Serviceco shall immediately inform the Management Committee of any facts which Serviceco believes may increase or decrease any line item in the most recent budget approved by the Management Committee by ten per cent or more or increase or decrease the total amount of such budget by five per cent or more and submit a revised budget for approval prior to making any expenditures, unless the expenditures are covered by Section 3.3 of this Agreement

5.3. Audit and Examination. In addition to the audit responsibilities assigned by the Partnership Agreement to the Audit Committee, any Partner(s), the Partnership or then designated representatives (including in the case of the Partnership representatives from each Partner), after 15 Days' notice in writing to Serviceco, shall have the right during normal business hours to audit or examine, at the expense of the Partner(s) or the Partnership conducting the audit or examination, all books and records of Serviceco as well as the relevant books of account of Serviceco's contractors, but only insofar as they relate to the revenues of the PNGTS, the Capital Services, the Additional Services and Opco Retained Costs, and, in particular, shall not include any right to review costs outside of those listed in Schedule "A". The total number of audits commenced in any Year by the Partnership shall not exceed two. Such audit right shall include the right to meet with Serviceco's internal and independent auditors to discuss matters relevant to the audit or examination. All audits by a Partner hereunder shall take place within two Years after the close of the Year with respect to which such audit is conducted; provided, however, that any Partner audits relating to construction costs may be made up to 48 Months after the in-service date of the related facilities. Serviceco shall respond to any claim or discrepancies made or discovered under this Section 5.4 within one month of its receipt of such claim or discrepancies.

6. Inspection. Each Partner shall, at its sole risk and expense, have the right at all reasonable times during normal business hours to inspect the Facilities.

7. Status of Serviceco. In performing services pursuant to this Agreement, Serviceco shall be an independent contractor to Opco.

8. Intellectual Property

8.1. Inventions and Copyrights. Any (i) inventions, whether patentable or not, developed or invented, or (ii) copyrightable material, developed by Serviceco or its Affiliates or employees while engaged primarily in the performance of services under this Agreement shall, unless otherwise directed, be assigned to Serviceco , which shall have the exclusive right to the exploitation thereof; provided that, if

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this Agreement is terminated, Serviceco shall grant to Opco a perpetual, royalty free, irrevocable licence to use and reproduce such intellectual property with respect to the operation, maintenance, construction, commissioning, replacement or alteration of the PNGTS Pipeline.

8.2. Confidentiality. Serviceco and Opco shall comply with the provisions applicable to confidential information set out in Section 13.12 of the Partnership Agreement, which provisions are incorporated herein by reference as if set out in full.

8.3. License to Serviceco. Opco hereby grants Serviceco on behalf of the Partnership an irrevocable, royalty-free, non-exclusive and non-assignable license to use, for the duration of its appointment as Operator or for the term of this Agreement, whichever period is shorter, any confidential information provided to Opco and designated as such by the Partnership under the Operating Agreement, or generated by the Partnership or Serviceco on behalf of the Partnership during the term of the Partnership Agreement. For purposes of this Section 8.3, confidential information shall include, but shall not be limited to, inventions (whether patented or not) and copyrighted or copyrightable material. As a condition precedent to the effectiveness of the aforesaid license, Serviceco hereby expressly agrees that it will utilize such confidential information solely in connection with the performance of its duties hereunder and further expressly agrees that if Serviceco is not a Partner or an Affiliate of one or more Partners, it will be subject to and bound by the provisions set forth in Section 13.12 of the Partnership Agreement as if it were a Partner, which provisions are incorporated herein by reference as if set out in full. Upon termination of this Agreement, termination of its responsibilities under this Agreement or assignment pursuant to Section 15.6 hereof, Serviceco shall return all confidential information which has been provided to it pursuant to the aforesaid license, together with all reproductions thereof in Serviceco's possession to the Partnership.

9. Indemnification, Litigation, Insurance and Liability

9.1. Serviceco's Indemnity. Serviceco shall indemnify, defend and hold Opco, the Partnership, its Partners, employees and agents and the Affiliates, directors, officers, employees and agents of its Partners, harmless from and against any claim, demand, cause of action, liabilities (including reasonable attorney's fees), damages, loss or expense arising from or related in any way to:

9.1.1. all actions or failures to act by Serviceco which are not in accordance with the terms of this Agreement or any express direction by the Partnership.

9.1.2. claims for non-payment of any and all contributions, withholding deductions or taxes measured by the wages, salaries or compensation paid to Persons employed by Serviceco in connection herewith except for claims associated with or resulting from good faith efforts to contest such taxes.

9.1.3. Partnership losses and/or third party claims arising from Serviceco's gross negligence or wilful misconduct or both.

9.2. Opco's Liability. Notwithstanding anything in this Agreement to the contrary, Serviceco shall not be liable to Opco or the Partnership, or their partners and shareholders, and the directors, officers, servants employees, consultants of any of them (collectively, the "Non-Operators") for Loss, whether contractual, extra-contractual (including based on negligence), by indemnity or otherwise, legally imposed, suffered or incurred by the Non-Operators resulting from or in any way attributable to or arising out of any act or omission, whether negligence or otherwise, of Serviceco in conducting or carrying out this Agreement, except if the Loss is the result of an Excluded Event.

9.3. Opco's Indemnity. Opco shall indemnify, defend and hold the Serviceco Group harmless from and against any Loss suffered or incurred by the Serviceco Group in conducting or carrying out this Agreement, and whether the Loss results directly or indirectly from any act or omission by the Serviceco Group, including negligence, save and except to the extent such Losses are the result of an Excluded Event.

9.4. Consequential Damages. Notwithstanding anything in this Agreement to the contrary, Serviceco shall not be liable to Partnership, its Partners, employees and agents and the Affiliates, directors, officers, employees and agents of its Partners, for any indirect or consequential damages, except to the extent such damages are claimed in accordance with Section 9.1.

9.5. Serviceco's Liability Limit. Notwithstanding anything in this Agreement to the contrary, if Serviceco is liable for damages pursuant to the provisions of this Agreement, Serviceco's liability or responsibility for such damages or obligations shall be reduced to the extent that such costs and damages are recoverable by the Partnership or Opco from any third party, any insurance policy, or pursuant to any tolls agreement or application.

9.6. Limitation of Liability. Service and Opco hereby agree that any claim against the Partnership or Opco which may arise hereunder shall be made only against the assets of the Partnership or Opco, as the case may be, and that all rights to proceed against the Partners of the Partnership or the shareholder(s) of Opco or the assets of either, other than their interests in the Partnership or Opco, as the case may be, as a result of any such claim or any obligations arising therefrom, are hereby expressly waived.

9.7. Insurance

9.7.1. Serviceco shall carry and maintain insurance in amounts and on such terms as may be directed by the Partnership from time to time, so as to protect Serviceco, its agents and employees against all actions, claims,

demands, costs and liabilities arising out of the negligence of Serviceco, its agents and employees in connection with their good faith acts (or failure to act) within the scope of Serviceco's authority under this Agreement. Serviceco shall, subject to the approval of the Management Committee, carry and maintain such other insurance for the benefit of the Partnership, Opco and Serviceco and require contractors, subcontractors or consultants to carry and maintain insurance deemed adequate by Serviceco, as approved by the Management Committee, (i) to protect the Partnership, Opco and Serviceco and (ii) satisfy any other requirements under applicable law.

9.7.2. With respect to claims and losses covered by insurance other than insurance provided for in Section 9.5.1 of this Agreement, it is agreed that neither Serviceco nor Opco shall have any rights of recovery against one another, or against the Affiliates of each, or the insurers of either of them, and their rights of recovery are mutually waived to the extent of the loss covered by insurance other than insurance provided for in Section 9.5.1 hereof. All such policies of insurance shall be endorsed properly to effectuate this waiver of recovery, provided, however, that if either the Partnership or Serviceco is unable, despite its best efforts, to obtain such an endorsement, then the other Party may waive or appropriately modify this requirement.

9.8. Subrogation. Opco shall be subrogated to Serviceco's rights with respect to any matter covered by the indemnity provided by Opco to Serviceco hereunder.

10. Term

10.1. Term. This Agreement shall be effective as of the date set forth at the Effective Date of this Agreement and, shall continue until August 1, 2009 and will be renewable from year to year effective on that date subject to Early Termination or termination in accordance with this Section. This Agreement and its Term shall continue to be automatically renewed beyond the original Term provided that either Party may terminate on any date on or after August 1, 2009 by providing 180 days written notice of termination.

10.2. Early Termination. This agreement may be terminated by either Party prior to the end of the Term ("Early Termination"), only pursuant to the following provisions:

10.2.1. Either Party may, by sixty (60) days written notice to the other Party, terminate this Agreement if the other Party dissolves, becomes insolvent or if a petition in bankruptcy is filed by or against such Party, or if such Party takes the benefit of any bankruptcy or insolvency law, or files any plan or arrangement thereunder or if a receiver is appointed for such Party or any of its property, unless such event is cured or remedied within such sixty (60) day notice period;

10.2.2. Either Party may, by sixty (60) days written notice to the other party, terminate this Agreement if the Operating Agreement is terminated for any reason.

10.2.3. Serviceco may by written notice to the other Party, terminate this Agreement if TransCanada assigns or otherwise terminates its legal or beneficial interest in the Partnership, provided that this provision shall not apply if TransCanada PipeLines Limited assigns its legal or beneficial interest in the Partnership to an Affiliate.

10.2.4. Serviceco may by written notice to Opco, terminate this Agreement if, at any time during the Term a Material Change occurs which is adverse to the revenues anticipated to be obtained by Serviceco under this Agreement.

10.3. Opco's Actions Upon Early Termination. In the event of either Party delivering a termination notice to the other Party, Serviceco shall continue to operate the PNGTS Pipeline in accordance with the terms and conditions of this Agreement up to and including the date specified in the termination notice and shall forthwith without undue delay, but in any event no later than sixty (60) days thereafter, transfer and assign to Opco, or another entity so directed by Opco, any and all assets of Opco held by Serviceco hereunder, including but not limited to all contracts, permits, books, records, confidential material, licences, contract rights and other property, whether tangible or intangible. Serviceco shall promptly wind up its duties under this Agreement and complete the transfer of its responsibilities to Opco or another entity as may be directed by Opco.

10.4. Opco's Fees and Expenses Upon Early Termination. Subject to the other provisions of this Agreement, Serviceco shall be entitled to and Opco shall pay to Serviceco the following Early Termination Amounts effective as of the earlier termination date, in accordance with s. 5.1.2 hereto:

(a) In the event of termination of this Agreement by Serviceco for Opco's insolvency or bankruptcy pursuant to Section 10.2:

(i) all amounts due and owing pursuant to Section 3 herein;

(ii) Any and all costs and expenses reasonably incurred by Serviceco in winding up its duties under this Agreement and transferring such responsibilities and Opco's assets; and

(iii) The Termination Costs.

(b) In the event of termination of this Agreement by Opco or Opco's Representative for Serviceco insolvency or bankruptcy pursuant to Section 10.2.

(i) All amounts due and owing pursuant to Section 3 herein;

(ii) Any and all costs and expenses reasonably incurred by Serviceco in winding up its duties under this Agreement and transferring such responsibilities and Opco's assets; and

(iii) The Termination Costs.

(c) In the event of termination of this Agreement by either Party pursuant to Section 10.3 herein:

(i) All amounts due and owing pursuant to Section 3 herein;

(ii) Any and all costs and expenses reasonably incurred by Serviceco in winding up its duties under this Agreement and transferring such responsibilities and Operator's assets; and

(iii) The Termination Costs.

11. Survival of Obligations. The termination of this Agreement shall not discharge either Party from any obligation which it owes to the other Party by reason of any transaction, commitment or agreement entered into, or any loss, cost, damage, expense or liability which shall occur or arise (or the circumstances, events or basis of which shall occur or arise) prior to such termination.

12. Accounting and Taxes

12.1. Consistent with Partnership Agreement. The accounting and tax service provided by Serviceco shall be consistent with the applicable provisions of Article 6 of the Partnership Agreement that are incorporated by reference herein as set forth in full. Matters of tax policy for the Partnership shall be the responsibility of and determined by the Management Committee in accordance with Section 7.6 of the Partnership Agreement.

13. Law of the Contract. This Agreement shall be construed and interpreted under the laws of the State of Maine, without regard to the principles of conflicts of laws.

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14. Force Majeure.

14.1. Effect of Force Majeure. In the event that either Opco or Serviceco is rendered unable, by reason of any event of force majeure, as defined herein, to perform, wholly or in part, any obligation or commitment set forth in this Agreement, then upon such Party's giving notice and full particulars of such event as soon as practicable after the occurrence thereof, the obligations of both Parties, except for unpaid financial obligations arising prior to such event of force majeure, shall be suspended to the extent and for the period of such force majeure condition.

14.2. Nature of Force Majeure. The term "force majeure" as used in this Agreement shall mean acts of God, strikes, lockouts, or industrial disputes or disturbances, civil disturbances, arrests and restraint from rulers of people, interruptions by government or court orders, present and future valid

orders, decisions or rulings of any government or regulatory entity having proper jurisdiction, temporary failure of gas supply, acts of the public enemy, wars, riots, blockades, insurrections, inability to secure labor or inability to secure materials, including inability to secure materials by reason of allocations promulgated by authorized governmental agencies, epidemics, landslides, lightning, earthquakes, fire, storms, floods, washouts, inclement weather which necessitates extraordinary measures and expense to construct facilities and/or maintain operations, explosions, breakage or accident to machinery or lines of pipe, freezing of pipelines, inability to obtain or delays in obtaining easements or rights-of-way, the making of repairs or alterations to pipelines or plants, or any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the Party claiming force majeure.

14.3. Non-Force Majeure Situations. Neither Serviceco nor Opco shall be entitled to the benefit of the provisions of Section 14.1 of this Agreement under the following circumstances:

14.3.1. To the extent that the failure was caused by the Party claiming suspension having failed to remedy the condition by taking all reasonable acts, short of litigation, if such remedy requires litigation, and having failed to resume performance of such commitments or obligations with reasonable dispatch;

14.3.2. If the failure was caused by failure of the Party claiming suspension to request or pay necessary funds in a timely manner, or with respect to the payment of any amounts then due hereunder;

14.3.3. To the extent that the failure was caused or contributed to by the negligence, gross negligence or wilful misconduct of the Party claiming suspension.

14.4. Resumption of Normal Performance. Should there be an event of force majeure affecting performance hereunder, the Parties shall co-operate to take all reasonable steps to remedy such event with all reasonable dispatch to insure resumption of normal performance.

14.5. Strikes and Lockouts. Settlement of strikes and lockouts shall be entirely within the discretion of the Party affected, and the requirement in Section 14.3.1 and Section 14.4 of this Agreement that any event of force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the Parties directly or indirectly involved in such strikes or lockouts when such course is inadvisable in the discretion of the Party having such difficulty.

15. General

15.1. Effect of Agreement. This Agreement reflects the whole and entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, among the Parties with respect to the subject matter hereof.

15.2. Notices. Unless otherwise specifically provided in this Agreement, any written notice or other communication shall be sufficiently given or shall be deemed given on the fifth business day following the date on which the same is mailed by registered or certified mail, postage prepaid, or on the next business day following the date on which the same is sent via a nationally recognized courier service or by telecommunication, in each case addressed:

15.2.1. If to Serviceco, to:

Paul McGregor, Vice President
TransCanada PipeLines Limited
450 – 1 Street S.W.
Calgary, Alberta T2P 5H1

or such other person or address as may be designated from time to time by written notice to Opco.

15.2.2. If to Opco, to

Mr. Robert Pirt, President
PNGTS Operating Co., LLC
One Harbour Place
Portsmouth, NH USA
03801

and

Mr. Patrick Cabana
Vice President, Gas Supply, Procurement and Regulatory Affairs
Gaz Metro
1717 du Havre
Montreal, Quebec
H2K2X3
(514)598-3364

or such other person or address as may be designated from time to time by written notice to Serviceco.

15.3. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15.4. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

15.5. Waiver. No waiver by any Party of any default by any other Party in the performance of any provision, condition or requirement herein shall be deemed to be a waiver of, or in any manner release the other Party from, performance of any other provision, condition or requirements herein, nor shall such waiver be deemed to be a waiver of, or in any manner a release of, the other Party from future performance of the same provision, condition or requirement. Any delay or omission of any Party to exercise any right hereunder shall not impair the exercise of any such right, or any like right, accruing to it thereafter. No waiver of a right created by this Agreement by one Party shall constitute a waiver of such right by the other Party except as may otherwise be required by law with respect to Persons not parties hereto. The failure of one Party to perform its obligations hereunder shall not release the other Party from the performance of such obligations.

15.6. Assignability. This Agreement may not be assigned by Serviceco, nor may Serviceco delegate any of its obligations hereunder except as otherwise expressly permitted or contemplated hereby, without the prior written consent of the Partnership, which consent may be granted or withheld in such the Partnership's sole discretion. Opco may assign this Agreement without the consent or approval of Serviceco. Any assignment hereunder shall be effective on the first Day of the Month following the Month during which the Assignment is complete. In the event of an assignment of this Agreement by either Party, the assignor shall have no further rights, liability or obligations hereunder; provided, however, that the assignor shall not be discharged from any obligation which it owes to the other Party by reason of any loss, cost, damage, expense or liability which shall occur or arise (or the circumstances, events or basis of which shall occur or arise) prior

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to the effective date of such assignment. This Agreement and all of the obligations and rights herein established shall extend to and be binding upon and shall inure to the benefit of the respective successors and permitted assigns of the respective Parties hereto.

15.7. References to Money. All references in this Agreement to money shall be to or in Dollars of the United States of America.

15.8. Severability. Should any provision of this Agreement be deemed in contradiction with the laws of any jurisdiction in which it is to be performed or unenforceable for any reason, such provision shall be deemed null and void, but this Agreement shall remain in force in all other respects. Should any provision of this Agreement be or become ineffective because of changes in applicable laws or interpretations thereof or should this Agreement fail to include a provision that is required as a matter of law, the validity of the other provisions of this Agreement shall not be affected thereby. If such circumstances arise, the Parties hereto shall negotiate in good faith appropriate modifications to this Agreement to reflect those changes that are required by law.

15.9. Third Persons. Nothing herein expressed or implied is intended or shall be construed to confer upon or to give any Person not a party hereto any rights or remedies under or by reason of this Agreement.

15.10. Laws and Regulatory Bodies. This Agreement and the obligations of the Parties hereunder are subject to all applicable laws, rules, orders and regulations of governmental authorities having jurisdiction and, in the event of conflict, such laws, rules, orders and regulations of governmental authorities having jurisdiction shall control.

15.11. Remedies Cumulative. Remedies provided under the provisions of this Agreement shall be cumulative and shall be in addition to the remedies provided by law or in equity.

15.12. Conflicts. In the event there is any conflict between this Agreement and any schedule or subsequent agreement referred to herein, the provisions hereof shall be deemed controlling, except in the event of a conflict with the Partnership Agreement, in which event the Partnership Agreement shall be deemed controlling.

15.13. Approval of Partnership or Management Committee. Unless otherwise specified, when the approval or other action of the Partnership is required under this Agreement such requirement shall be deemed to require approval of the Management Committee pursuant to the provisions of Article 7 of the Partnership Agreement.

15.14. Amendment. This Agreement may be amended, supplemented, restated, modified or otherwise changed only upon the written direction of the Partnership.

15.15. Section Numbers. Unless otherwise indicated, references to Section numbers are to Sections of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the 1st day of January, 2012.

PNGTS OPERATING CO., LLC.

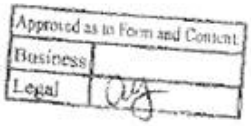
By: /s/ Rob Pirt
Rob Pirt

By: /s/ Glenn Menuz
Glenn Menuz

9207670 DELAWARE INC.

By: /s/ Paul McGregor
Paul McGregor

By: /s/ Ron Cook
Ron Cook



Amy Gillespie

SCHEDULE "A"

TransCanada - PNGTS Services
Budget Reporting Form ("Dashboard")
For The Period Ended

Department Name	YEAR-TO-DATE Actual	YEAR-TO-DATE Budget	YEAR-TO-DATE Variance	ANNUAL Forecast	ANNUAL Budget	ANNUAL Variance
Operating Services:						
Canadian Pipelines Market Development						
System Design and Commercial Operations						
Affiliated Services						
Canadian Pipelines						
US Pipelines Market Development						
FERC Fees Pipeline						
Pipelines						
Corporate Development and Strategy						
Northeast US Operations						
ANR Field Operations						
Engineering						
Field Operations						
Community, Safety & Environment						
O&ES USPC						
O&ES Management & Intiatives						
Affiliated Pipeline Operations						
Supply Chain Management						
Pipe Integrity- US						
01271 Pipeline Integrity R&D						
Business Management Services						
O&PS Business Optimization						
Field Operations - Other Programs						
00581 Industry Relations						
Land Payments						
Operations and Project Services Operational						
00367 Revenue Generation						
Operations and Major Projects						
Human Resources						
Facility Services						
IS Project Expense						
IS Management Security & Support						
IS Technical Systems Delivery						
IS Telecommunications						
IS Application Maintenance & Support						
IS Application Maintenance & Support - USPL						
IS PMO & Acquisitions						
IS Architecture and Planning						
Information Systems						
Relocation Expense						
Rent						
Frequent Business Travelers						
Internal Communication						
Corporate Services						
Public Sector Relations						
Corporate Legal Services						
Pipeline & Regulatory Law						
Corporate Development & Finance Law						
01512 Corporate Security						

External Legal Fees
Litigation Legal Fees
Public Relations
Charitable Donations
Corporate Memberships
Law & General Counsel

SCHEDULE "B"

Director of Marketing and Business Development RAGI

Tasks	Marketing Director	President	Menagament Committee (Gaz Met/ TransCanada)	Gaz Met Management	TC Management
Identifies new business opportunities	R	A/R	C	I	I
Analyzes new business opportunities	A/R	C	I	I	I
Presents new business opportunities	R	A/R	C	I	I
Consult Partners on new business opportunities			A/R	C	C
Develops approved new business opportunities	A/R	C	I	I	I
Reviews the impact of other pipelines on the business	A/R	C	I		
Sponsors BD & Marketing initiatives (trade shows etc..)	R	A	I		
Creates new pipeline Tariff Services	R	A/R	C	I	I
Propose new pipeline Tariff Services	A/R	C	I	I	I
Develop new pipeline Tariff Services	R	A/R	C	I	I
Manages marketing of new and existing services	A/R	C	C	I	I
Manages existing customer relationships	R	A/R	1		
Conducts and presents competitive research	A/R	I	I	I	I
Represents Company at various functions	R	A/R	I		
Customer Forecast Report - Annually	A/R	C	I	I	I
Marketing & Business Development Status Resort - Monthly	A/R	C	I	I	I
Marketing & Business Development Strategy Report - Annually	A/R	C	I	I	I
Market Environment Assessment Report - Annually	A/R	C	1	I	I
General initiative activity report - Monthly	A/R	C	I	I	I
Special initiative progress reports - as required	A/R	C	I	I	I

R-Responsibility: Group that works actively on the task

A-Accountability: Group that assures the task is done on time, on budged, as specified etc,.. (the buck stops here)

C-Consult: Consult is often equated with approval. Usually there is very lilted work for the group consulted, but their approval during the process is required for the task to be completed.

I-Informs Groups who are informed haves a stake in the outcome of an activity but are not in the position to approval the task.

A) When requested by a 3rd party, confidentiality of initiatives will be maintained at PNGTS until such conditions are released

B) Gaz Met will retain the right in approve the selection of the Director of Marketing and Business Development person dedicated to PNGTS, if current PNGTS employees do not continua in this function

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

AMENDED AND RESTATED OPERATING (MANAGEMENT) AGREEMENT — CANADA

THIS AGREEMENT dated as of the 1st day of January, 2012, (the "Effective Date") by and between PNGTS Operating Co., LLC, a Massachusetts limited liability company (hereinafter referred to as "Opco") and 1120436 Alberta Ltd., an Alberta company (hereinafter referred to as "Serviceco").

WITNESSETH:

WHEREAS Portland Natural Gas Transmission System ("PNGTS") was formed as a Maine general partnership pursuant to an Amended and Restated Partnership Agreement dated March 1, 1996;

WHEREAS, PNGTS owns a FERC-regulated interstate natural gas pipeline (the "PNGTS Pipeline") extending from an interconnection with the TQM pipeline system near Pittsburgh, New Hampshire to an interconnection with Tennessee Gas Pipeline Company pipeline system ("Tennessee") near Haverhill, Massachusetts (the "Facilities");

WHEREAS, the portion of PNGTS from Westbrook, Maine to the interconnection with the Tennessee pipeline system (the "Joint Facilities") is jointly owned with Maritimes and Northeast Pipeline L.L.C. ("MNE") and is operated by M & N Operating Company pursuant to an agreement with PNGTS and MNE dated October 8, 1997 (the "MNE Operating Agreement");

WHEREAS, Opco is designated as the operator of PNGTS pursuant to an agreement with PNGTS dated October 2, 1996; and

WHEREAS, Opco subcontracted a portion of its responsibilities as operator of the PNGTS system to Serviceco, and such services are performed in Canada under the original operating agreement dated August 3rd, 2004 (the "Canadian PNGTS Operating Agreement") ; and

WHEREAS, Opco and Serviceco have accordingly agreed to cancel, amend and restate the Canadian original PNGTS Operating Agreement in order to change the fee structure from a fixed fee basis to a fully reimbursed, as spent basis.

NOW THEREFORE, in consideration of the representations, covenants and premises hereinafter set forth, the Parties agree as follows:

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1. Definitions

Those capitalized terms which are defined in the Partnership Agreement (as defined herein) shall, except as otherwise specifically provided herein, have the same meanings in this Agreement. In addition, the following capitalized terms shall have the meanings set forth below:

1.1. Additional Services. The Additional Services described in Section 3.8.

1.2. Additional Services Cost. The cost of any Additional Services, including labour, expenses or capital costs related to the Additional Services, and including the internal fully allocated cost of Additional Services provided by or performed by TransCanada.

1.3. Affiliate. Any Person which, directly or indirectly through one or more Persons, controls or is controlled by or is under common control with another Person, including, without limitation, any direct or indirect subsidiary of TransCanada.

1.4. Budget Reporting Form. The form as attached as Schedule "A".

1.5. Capital Services. The Capital Services described in Section 3.7.

1.6. Capital Services Costs. The costs incurred in connection with providing the Capital Services including labour, expenses or capital costs related to the Capital Services, and including the internal fully allocated cost of Capital Services provided by or performed by TransCanada.

1.7. Day. A period of 24 consecutive hours commencing at 8:00 a.m. Eastern Standard Time.

1.8. Excluded Event. An event which: (i) is covered by the insurance maintained in accordance with this Agreement; (ii) is the direct result or is directly attributable to the gross negligence or wilful misconduct of Serviceco Group that was not attributable to the instructions, authorization, approval of or concurrence of Opco or the Partnership; or (iii) is a breach of this Agreement.

1.9. FERC. The Federal Energy Regulatory Commission.

1.10. FERC Tariff The Partnership's tariff which is either (i) the tariff in effect pursuant to an order from FERC, or (ii) if no such FERC order is then in effect, then the tariff which the Partnership has filed with FERC.

1.11. Loss. With respect to any Person, means any loss, expense, injury, liability, death, damage, or claim against that Person.

1.12. Material Change. Any significant regulatory, governance, environmental, or legislative change from the current PNGTS operating environment which increases the cost of providing the Operating Services.

1.13. Month. A period of time beginning on the first Day of a calendar month and ending at the same time on the first Day of the next succeeding calendar month.

1.14. Partnership Agreement. The Amended and Restated Partnership Agreement of Portland Natural Gas Transmission System, dated March 1, 1996, and all amendments thereto.

1.15. Operating Agreement. The Portland Natural Gas Transmission System Operating (Management) Agreement between PNGTS and Opco dated October 2, 1996, as amended.

1.16. Operating Service. Any service provided by Serviceco pursuant to Section 3.1.

1.17. Party. Serviceco or Opco and "Parties" shall mean Opco and Serviceco.

1.18. Person. An individual, corporation, trust, limited or general partnership, or joint venture.

1.19. Serviceco Group. Collectively, Serviceco, its Affiliates, and its subcontractors, shareholders, directors, officers, servants, agents, employees and consultants.

1.20. Rate Case Hearing. Any matter related to a general rate application by PNGTS pursuant to the Natural Gas Act.

1.21. Termination Costs. As defined in Section 5.1.2.

1.22. TransCanada. TransCanada PipeLines Limited or any wholly-owned Affiliate which performs any part of the Operating Services, the Capital Services and the Additional Services.

1.23. U.S. Operating Agreement. The Amended and Restated Operating (Management) Agreement dated August January 1st, 2012 between Opco and 9207670 Delaware Inc.

1.24. Year. Each 12 Month period beginning on the first Day of a calendar year and ending on the first Day of the next calendar year, provided that the first year hereunder shall begin on the date specified in Section 10.1, and shall end on the first Day of the following calendar year, and further provided that the last contract year shall end at the end of the term provided in Section 10.1 of this Agreement, unless extended by mutual agreement between the Partnership and Operator.

2. Relationship of the Parties

2.1. Appointment as Operator. Upon and subject to the terms and conditions of this Agreement, Serviceco agrees to perform the portion of Opco's obligations under the Operating Agreement described in Section 3.1. The performance of

Serviceco's obligations under this Agreement shall be subject to the general direction of the Partnership through the Management Committee or such other committees as may hereafter be designated by the Partnership, pursuant to the provisions of this Agreement and of the Partnership Agreement, the terms of which are incorporated herein by reference.

2.2. Operator's Authority to Execute Contracts. Subject to any procedures established and approved by the Management Committee, contracts relating to the scope of this Agreement may be executed by Serviceco. Copies of all contracts entered into by Serviceco which affect the Partnership or the Facilities shall be in writing and shall be provided to the Partnership. Without approval of the Management Committee, Serviceco shall not execute any contract with or otherwise commit the Partnership or Serviceco to any obligation to any third party unless (i) the contract or commitment is authorized pursuant to Section 3.4 or 5.2 and (ii) the contract or commitment contains a provision limiting the claims of such third party (and any of its beneficiaries) thereunder to the assets of the Partnership and expressly waiving any rights of such parties (and any beneficiaries) to proceed against the Partners individually.

3. Operator's Responsibilities

3.1. Operating Services. Subject to the prior budget authorizations of the Management Committee pursuant to Section 5.2 of this Agreement and the prior approval of the Management Committee with respect to those matters enumerated in Section 7.2.6 of the Partnership Agreement, and subject to the assignments of responsibility in the U.S. Operating Agreement and the MNE Operating Agreement, Operator shall have the general responsibility for the matters set forth herein. Notwithstanding the foregoing; (i) all responsibilities not expressly delegated to Opco by the Operating Agreement or by resolution of the Management Committee or which are not reasonably related to expressly delegated responsibilities are retained by the Partnership and are not delegated to Serviceco pursuant to this Agreement, and (ii) any responsibilities not specifically delegated to Serviceco herein are retained by Opco. Serviceco shall ensure that it shall perform its obligations under this Agreement in a manner which results in Opco meeting its obligations under the Operating Agreement. In discharging its responsibilities hereunder, Serviceco shall:

3.1.1. Provide the day-to-day management, supervision, operating, and marketing for the Facilities; identify market opportunities and services related to the Facilities and prepare and implement plans for the marketing of such services to shippers thereon, subject to the prior review and approval of such plans by the Partnership; act as administrative liaison and provide other related services for the Partnership, including, but not limited to, accounting, engineering, environmental, operational planning, public relations, budgeting, technical services, insurance administration,

tax services, and all regulatory matters excluding regulatory matters related to Capital Services and Additional Services.

3.1.2. Excluding a Rate Case Hearing, prepare, file and prosecute applications for regulatory and governmental authority required by the Partnership, make periodic filings required of the Partnership by governmental or regulatory agencies having jurisdiction.

3.1.3. Prepare financing plans for the Partnership (but not for the individual partners) and negotiate for financing commitments, if any, to be entered into by the Partnership, subject to final approval of the Partnership provided, however, that each Partner shall be entitled to be present at and participate in such negotiations.

3.1.4. Maintain accurate and itemized accounting records in accordance with Required Accounting Practice, operation and maintenance of the Facilities, together with any information reasonably required by the Partnership relating to such records.

3.1.5. Prepare proposed budgets and schedules for the review and approval of the Partnership pursuant to Section 5.2 of this Agreement.

3.1.6. Prepare the financial statements set forth in Sections 6.4 and 6.5 of the Partnership Agreement.

3.1.7. Pay and discharge promptly, for and on behalf of the Partnership, all costs and expenses incurred or required to be paid in connection with the Facilities pursuant to Sections 3.3, 5.2 and 5.3.

3.1.8. Cause the Facilities to be operated in accordance with the requirements of all federal, state or other government agencies having jurisdiction, including but not limited to the requirements of the United States Department of Transportation set forth in 49 CFR Part 192, in accordance with the sound, workmanlike and prudent practices of the gas transmission pipeline industry, and provide or cause to be provided such appropriate supervisory, audit, administrative, technical and other services as may be required, provided that none of the services referenced in this Section shall include Additional Services or Capital Services.

3.1.9. Prepare tax returns required of the Partnership and pay such taxes as are required and approved to be paid by the Partnership. This includes all taxes (except those measured by income) of every kind and nature assessed or levied upon or incurred by Serviceco arising from the operation and maintenance of the PNGTS Pipeline.

3.1.10. Maintain the corporate records of the Partnership and Opco.

3.1.11. Maintain custody of such funds, notes, drafts, acceptances, commercial paper and other securities belonging to the Partnership; keep funds belonging to the Partnership in the name of the Partnership on deposit in one or more interest-bearing accounts (including certificates of deposit) with such banking institutions as shall be approved by the Management Committee as provided in Section 6.10 of the Partnership Agreement, or in such other accounts or investment media (including money market mutual funds and investment grade commercial paper) as the Management Committee may approve from time to time; and disburse such funds on behalf of the Partnership; provided that the Partnership's funds shall not be commingled with funds belonging to Serviceco.

3.1.12. Recommend to the Partnership and negotiate service agreements with legal counsel, certified public accountants and financial and other consultants to be retained by the Partnership.

3.1.13. Supervise and administer gas transportation contracts in accordance with the Partnership's service agreements and FERC Tariff, including, but not limited to, preparation and collection of all bills for services rendered thereunder.

3.1.14. As soon as practicable after the end of each month, furnish the Partnership with the volumes and BTU content of gas consumed or lost in operations during the preceding month and each shipper's proportionate share of all such volumes, together with all applicable gas volumes statements and BTU analyses.

3.1.15. Make reports to and consult with the Management Committee regarding all duties, responsibilities and actions of Serviceco under this Agreement in the form and at the times reasonably requested by the Management Committee, and provide access to information related thereto to the Partnership.

3.1.16. Except as otherwise provided by applicable laws or governmental regulations or as otherwise directed by the Partnership, retain all charts, records, books of account, Partnership tax returns, plans, design, studies and reports and other documents related to the design, construction, operation, maintenance and administration of the Facilities for a period of seven (7) years from the date of completion of the activity to which such records relate or such longer period as is requested by the Partnership.

3.1.17. Prepare and negotiate in the name of the Partnership rights-of-way, permits and contracts necessary for the operation and maintenance of the Facilities, resist the perfection of any involuntary liens against Partnership property and, to the extent permitted by law, hold Partnership property free of all involuntary liens.

3.1.18. Make reports as soon as practicable to the Partnership of all non-routine occurrences that Serviceco determines may have a significant adverse impact upon the operation of the Facilities and make a follow-up report at an appropriate time on the response to each such non-routine occurrence.

3.1.19. Perform gas control and dispatch responsibilities for PNGTS Pipeline including, without limitation, monitoring meter stations, dispatching and allocating daily scheduled nominations for the natural gas quantities to be received, transported and redelivered, and responding to emergency conditions as necessary to assure safe operations.

3.1.20. Administer any and all interconnect agreements between the PNGTS Pipeline and any other Person with upstream or downstream facilities that interconnect with the PNGTS Pipeline.

3.2. Limitation on Liability. For greater certainty, Serviceco undertakes no liability for the following expenses, which will, if payable, be paid for by Opco on behalf of PNGTS using the accounts of PNGTS or Opco, as the case may be:

1. Any taxes not specifically noted above, including ad valorem;
2. depreciation;
3. interest expense and other financial charges;
4. amortization; and
5. facilities expansions.

3.3. Change in Serviceco's Responsibilities. The Partnership may change the authority and responsibility delegated to Opco under Article 3 of the Operating Agreement following written notice of such change. Upon any such change which affects the obligations included in this Agreement, Serviceco and Opco shall agree to amend this Agreement to reflect such change.

This includes but is not limited to all costs, including costs to Serviceco's Affiliates, related to the acquisition or termination of any labour, contract or material resources. Within 90 days from the notice of change, Serviceco shall submit a budget reflecting these changes to the Management Committee subject to approval under Article 5.0.

3.4. Right to Request Instructions from Management Committee. Opco shall, at the request of Serviceco, exercise its ability to request instructions from the Management Committee in accordance with Section 3.3 of the Operating Agreement with respect to any matter contemplated by this Agreement and may defer action thereon pending the receipt of such instructions. Serviceco shall be

fully protected in acting in accordance with the instructions of the Management Committee or in omitting to act pending the receipt of such instructions, and shall have no liability for any act in good faith in compliance therewith, or for its good faith failure to act pending receipt thereof.

3.5. Construction and Operation of a Facilities Expansion. Serviceco's responsibilities shall not include the preparation of any regulatory application, or maintenance or construction activities related to an expansion of the PNGTS Pipeline (a "Facilities Expansion"). Any activities related to the planning and construction of a Facilities Expansion, including design, regulatory and environmental authorizations and applications, equipment purchases, construction management and land acquisition shall be considered Additional Services. If a Facilities Expansion is proposed and built by the Partnership, the Parties' responsible executive officers will meet to negotiate an increase in the fees for the services provided pursuant to this Agreement based on the additional operational requirements of the PNGTS Pipeline, and, if the Parties are not able to agree on an increased fee within four days of the commencement of negotiations, either party may require that the increased fee set by binding commercial arbitration in using the procedures set out in Section 12 of the Partnership Agreement.

3.6. Capital Services. Serviceco will provide Capital Services to Opco in relation to the PNGTS Pipeline. Capital Services includes the labour and expenses (including any equipment or pipe purchase expenses) for Serviceco employees or contractors performing work on the PNGTS Pipeline which would ordinarily be accounted for as part of the total capital cost for such activities in accordance with PNGTS' capital accounting policy, including the labour component of Serviceco's pipe integrity and maintenance programs and work on any regulatory authorizations related to such Capital Services.

3.7. Payment for Capital Services. Where Capital Services are either specifically authorized by the Partnership or included in a budget which is approved by the Partnership, Opco shall pay Serviceco any related Capital Service Costs.

3.8. Payment for Additional Services. Additional Services include any management, administrative or operational activity performed by Serviceco and relating to the PNGTS, including Rates Case Hearings, pigging (to the extent such costs are incremental to costs included in operating budgets) and integrity management program commitments that cause incremental or unforeseen services, and any associated regulatory applications, which are not included in the Operating Services or which are not a Capital Service. Where Additional Services are either specifically authorized by the Partnership or included in a budget which is approved by the Partnership, Opco shall pay Serviceco for any Additional Service Costs.

4. Employees, Consultants and Subcontractors

4.1. Serviceco's Employees. Consultants and Subcontractors. Serviceco shall employ or retain and have supervision over the Persons (including consultants and professional service or other organizations) required by Serviceco to perform its duties and responsibilities hereunder in accordance with sound, workmanlike and prudent practices of the gas transmission pipeline industry. Serviceco shall pay all budgeted expenses in connection therewith, including compensation, salaries, wages, overhead and administrative expense incurred by Serviceco and, if applicable, social security taxes, workers' compensation insurance, retirement and insurance benefits and such other expenses. Serviceco may cause its employees, contractors or agents, or the employees, contractors or agents of TransCanada, to perform its obligations under this Agreement at any property owned or controlled by PNGTS or Opco, including any part of the right-of-way of the PNGTS Pipeline.

4.2. Standards for Serviceco and its Employees. Serviceco shall perform its services and carry out its responsibilities hereunder and shall require all of its employees and contractors, subcontractors, and materialmen furnishing labor, material or services for the construction and operation of the Facilities to carry out their responsibilities, in accordance with sound, workmanlike and prudent practices of the gas transmission pipeline industry and in

compliance with all relevant laws, statutes, ordinances, safety codes, regulations and rules of governmental authorities having jurisdiction over such employees, contractors, subcontractors and materialmen and in accordance with the FERC Tariff.

4.2.1. Serviceco shall require all contractors, and such contractors shall use reasonable efforts to require all subcontractors, to hold harmless and indemnify the Partnership and each Partner against any claim, loss or liability for death, personal injury or damage to or destruction of property incurred by reason of any act or omission of such act by contractors and subcontractors and their agents, servants and employees.

4.2.2. All materials and workmanship used or provided in performing the duties and responsibilities hereunder shall be in accordance with applicable drawings, specifications and standards.

4.2.3. Serviceco will exercise reasonable diligence to obtain the most favourable terms or warranties available from vendors, suppliers and other third parties and, where appropriate, Serviceco shall assign such warranties to the Partnership.

4.3. Consultants and Subcontractors. The provisions of Section 4.2 shall be applicable to any contractor, consultant and/or subcontractor retained by Serviceco in connection herewith.

5. Financial and Accounting

5.1. Accounting and Reimbursement

5.1.1. Serviceco shall keep a full and complete account of all costs, expenses and expenditures incurred by it or incurred by the Partnership and paid for by Serviceco using Partnership or Opco funds, in connection with performance of Serviceco's obligations hereunder.

5.1.2. Opco shall compensate Serviceco on a fully reimbursed basis, without profit or loss. All payments under this Agreement shall be made without withholding or deduction for taxes, subject to Serviceco providing Opco with a satisfactory Department of the Treasury Internal Revenue Service Form W-8BEN, or with any relevant successor form. If this Agreement is terminated in any manner, Opco will firstly be responsible for payment to Serviceco of all outstanding transition costs incurred by Serviceco associated with the transfer of services and contracts. Opco will also be responsible for payment of all costs of transitioning services out of Serviceco ("Termination Costs"). This includes all termination costs of employees, including severance, required administration time, additional pension payments, earned vacation accruals, continuation of benefits for a predetermined amount of time in line with Serviceco policies, and any other costs attributable to the severance of these employees. Opco will also be responsible for all costs of transferring equipment, capital assets, data or any other requirements from Serviceco facilities, including the payment of TransCanada and Serviceco personnel to help with this movement. Serviceco will not withhold any material information, however, the sale of capital assets and equipment is at the sole discretion of Serviceco, and will be sold at minimum for the fair market value of the item in question.

5.2. Budgets. As soon as practicable, but in no event later than 60 days after the Effective Date set forth in Section 10.1 hereof, Serviceco shall prepare and submit for approval of the Management Committee an initial estimate of capital expenditures, operating income and expenses, which Serviceco anticipates for the remainder of the Year. Annually thereafter, on or before each October 1, Serviceco shall prepare and submit for approval of the Management Committee a budget for capital expenditures, operating income and expenses and cash flows which Serviceco anticipates for the ensuing Year as per the Budget Reporting Form in Schedule "A". If the Management Committee does not approve a budget, or any portion thereof is not approved, then it shall be revised by Serviceco in accordance with the instructions of the Management Committee. Except as the Management Committee may otherwise direct, the budget approved by the Management Committee and then in effect shall constitute authorization of Serviceco to incur the expenditures contained in such budget and to incur expenditures up to ten percent in excess of the amount set for any line item in such budget, provided that the total of all such expenditures in excess of budgeted line item amounts shall not exceed five percent. Serviceco shall immediately

inform the Management Committee of any facts which Serviceco believes may increase or decrease any line item in the most recent budget approved by the Management Committee by ten per cent or more or increase or decrease the total amount of such budget by five per cent or more and submit a revised budget for approval prior to making any expenditures, unless the expenditures are covered by s. 3.3 of this Agreement.

5.3. Audit and Examination. In addition to the audit responsibilities assigned by the Partnership Agreement to the Audit Committee, any Partner(s), the Partnership or their designated representatives (including in the case of the Partnership representatives from each Partner), after 15 Days' notice in writing to Serviceco, shall have the right during normal business hours to audit or examine, at the expense of the Partner(s) or the Partnership conducting the audit or examination, all books and records of Serviceco as well as the relevant books of account of Serviceco's contractors, but only insofar as they relate to the revenues of the PNGTS, the Capital Services, the Additional Services and Opco Retained Costs, and, in particular, shall not include any right to review the costs outside of those listed in Schedule "A". The total number of audits commenced in any Year by the Partnership shall not exceed two. Such audit right shall include the right to meet with Serviceco's internal and independent auditors to discuss matters relevant to the audit or examination. All audits by a Partner hereunder shall take place within two Years after the close of the Year with respect to which such audit is conducted; provided, however, that any Partner audits relating to construction costs may be made up to 48 Months after the in-service date of the related facilities. Serviceco shall respond to any claim or discrepancies made or discovered under this Section 5.4 within one month of its receipt of such claim or discrepancies.

6. Inspection. Each Partner shall, at its sole risk and expense, have the right at all reasonable times during normal business hours to inspect the Facilities.

7. Status of Serviceco. In performing services pursuant to this Agreement, Serviceco shall be an independent contractor to Opco.

8. Intellectual Property

8.1. Inventions and Copyrights. Any (i) inventions, whether patentable or not, developed or invented, or (ii) copyrightable material, developed by Serviceco or its Affiliates or employees while engaged primarily in the performance of services under this Agreement shall, unless otherwise directed, be assigned to Serviceco , which shall have the exclusive right to the exploitation thereof; provided that, if this Agreement is terminated, Serviceco shall grant to Opco a perpetual, royalty free, irrevocable licence to use and reproduce such intellectual property with respect to the operation, maintenance, construction, commissioning, replacement or alteration of the PNGTS Pipeline.

8.2. Confidentiality. Serviceco and Opco shall comply with the provisions applicable to confidential information set out in Section 13.12 of the Partnership Agreement, which provisions are incorporated herein by reference as if set out in full.

8.3. License to Serviceco. Opco hereby grants Serviceco on behalf of the Partnership an irrevocable, royalty-free, non-exclusive and non-assignable license to use, for the duration of its appointment as Operator or for the term of this Agreement, whichever period is shorter, any confidential information provided to Opco and designated as such by the Partnership under the Operating Agreement, or generated by the Partnership or Serviceco on behalf of the Partnership during the term of the Partnership Agreement. For purposes of this Section 8.3, confidential information shall include, but shall not be limited to, inventions (whether patented or not) and copyrighted or copyrightable material. As a condition precedent to the effectiveness of the aforesaid license, Serviceco hereby expressly agrees that it will utilize such confidential information solely in connection with the performance of its duties hereunder and further expressly agrees that if Serviceco is not a Partner or an Affiliate of one or more Partners, it will be subject to and bound by the provisions set forth in Section 13.12 of the Partnership Agreement as if it were a Partner, which provisions are incorporated herein by reference as if set out in full. Upon termination of this Agreement, termination of its responsibilities under this Agreement or assignment pursuant to Section 15.6 hereof, Serviceco shall return all confidential information which has been provided to it pursuant to the aforesaid license, together with all reproductions thereof in Serviceco's possession to the Partnership.

9. Indemnification, Litigation, Insurance and Liability

9.1. Serviceco's Indemnity. Serviceco shall indemnify, defend and hold the Partnership, its Partners, employees and agents and the Affiliates, directors, officers, employees and agents of its Partners, harmless from and against any claim, demand, cause of action, liabilities (including reasonable attorney's fees), damages, loss or expense arising from or related in any way to:

9.1.1. all actions or failures to act by Serviceco which are not in accordance with the terms of this Agreement or any express direction by the Partnership.

9.1.2. claims for non-payment of any and all contributions, withholding deductions or taxes measured by the wages, salaries or compensation paid to Persons employed by Serviceco in connection herewith except for claims associated with or resulting from good faith efforts to contest such taxes.

9.1.3. Partnership losses and/or third party claims arising from Serviceco's gross negligence or wilful misconduct or both.

9.2. Opco's Liability. Notwithstanding anything in this Agreement to the contrary, Serviceco shall not be liable to Opco or the Partnership, or their partners and

shareholders, and the directors, officers, servants employees, consultants of any of them (collectively, the "Non-Operators") for Loss, whether contractual, extra-contractual (including based on negligence), by indemnity or otherwise, legally imposed, suffered or incurred by the Non-Operators resulting from or in any way attributable to or arising out of any act or omission, whether negligence or otherwise, of Serviceco in conducting or carrying out this Agreement, except if the Loss is the result of an Excluded Event.

9.3. Opco's Indemnity. Opco shall indemnify, defend and hold the Serviceco Group harmless from and against any Loss suffered or incurred by the Serviceco Group in conducting or carrying out this Agreement, and whether the Loss results directly or indirectly from any act or omission by the Serviceco Group, including negligence, save and except to the extent such Losses are the result of an Excluded Event.

9.4. Consequential Damages. Notwithstanding anything in this Agreement to the contrary, Serviceco shall not be liable to Partnership, its Partners, employees and agents and the Affiliates, directors, officers, employees and agents of its Partners, for any indirect or consequential damages, except to the extent such damages are claimed in accordance with Section 9.1.

9.5. Serviceco's Liability Limit. Not withstanding anything in this Agreement to the contrary, if Serviceco is liable for damages pursuant to the provisions of this Agreement, Serviceco's liability or responsibility for such damages or obligations shall be reduced to the extent that such costs and damages are recoverable by the Partnership or Opco from any third party, any insurance policy, or pursuant to any tolls agreement or application.

9.6. Limitation of Liability. Opco and Serviceco hereby agree that any claim against the Partnership or Opco which may arise hereunder shall be made only against the assets of the Partnership or Opco, as the case may be, and that all rights to proceed against the Partners of the Partnership or the shareholder(s) of Opco or the assets of either, other than their interests in the Partnership or Opco, as the case may be, as a result of any such claim or any obligations arising therefrom, are hereby expressly waived.

9.7. Insurance

9.7.1. Serviceco shall carry and maintain insurance in amounts and on such terms as may be directed by the Partnership from time to time, so as to protect Serviceco, its agents and employees against all actions, claims, demands, costs and liabilities arising out of the negligence of Serviceco, its agents and employees in connection with their good faith acts (or failure to act) within the scope of Serviceco's authority

under this Agreement. Serviceco shall, subject to the approval of the Management Committee, carry and maintain such other insurance for the benefit of the

Partnership, Opco and Serviceco and require contractors, subcontractors or consultants to carry and maintain insurance deemed adequate by Serviceco, as approved by the Management Committee, (i) to protect the Partnership, Opco and Serviceco and (ii) satisfy any other requirements under applicable law.

9.7.2. With respect to claims and losses covered by insurance other than insurance provided for in Section 9.5.1 of this Agreement, it is agreed that neither Serviceco nor Opco shall have any rights of recovery against one another, or against the Affiliates of each, or the insurers of either of them, and their rights of recovery are mutually waived to the extent of the loss covered by insurance other than insurance provided for in Section 9.5.1 hereof. All such policies of insurance shall be endorsed properly to effectuate this waiver of recovery, provided, however, that if either the Partnership or Serviceco is unable, despite its best efforts, to obtain such an endorsement, then the other Party may waive or appropriately modify this requirement.

9.8. Subrogation. Opco shall be subrogated to Serviceco's rights with respect to any matter covered by the indemnity provided by Opco to Serviceco hereunder.

10. Term

10.1. Term. This Agreement shall be effective as of the Effective Date and, shall continue until August 1, 2009 and will be renewable from year to year effective on that date subject to Early Termination or termination in accordance with this Section. This Agreement and its Term shall continue to be automatically renewed beyond the original Term provided that either Party may terminate on any date on or after August 1, 2009 by providing 180 days written notice of termination.

10.2. Early Termination. This agreement may be terminated by either Party prior to the end of the Term ("Early Termination"), only pursuant to the following provisions:

10.2.1. Either Party may, by sixty (60) days written notice to the other Party, terminate this Agreement if the other Party dissolves, becomes insolvent or if a petition in bankruptcy is filed by or against such Party, or if such Party takes the benefit of any bankruptcy or insolvency law, or files any plan or arrangement thereunder or if a receiver is appointed for such Party or any of its property, unless such event is cured or remedied within such sixty (60) day notice period;

10.2.2. Either Party may, by sixty (60) days written notice to the other party, terminate this Agreement if the Operating Agreement is terminated for any reason.

10.2.3. Serviceco may by written notice to the other Party, terminate this Agreement if TransCanada assigns or otherwise terminates its legal or beneficial interest in the Partnership, provided that this provision shall not apply if TransCanada Pipelines Limited assigns its legal or beneficial interest in the Partnership to an Affiliate.

10.2.4. Serviceco may by written notice to Opco, terminate this Agreement if, at any time during the Term a Material Change occurs which is adverse to the revenues anticipated to be obtained by Serviceco under this Agreement.

10.3. Opco's Actions Upon Early Termination. In the event of either Party delivering a termination notice to the other Party, Serviceco shall continue to operate the PNGTS Pipeline in accordance with the terms and conditions of this Agreement up to and including the date specified in the termination notice and shall forthwith without undue delay, but in any event no later than sixty (60) days thereafter, transfer and assign to Opco, or another entity so directed by Opco, any and all assets of Opco held by Serviceco hereunder, including but not limited to all contracts, permits, books, records, confidential material, licences, contract rights and other property, whether tangible or intangible. Serviceco shall promptly wind up its duties under this Agreement and complete the transfer of its responsibilities to Opco or another entity as may be directed by Opco.

10.4. Opco's Fees and Expenses Upon Early Termination. Subject to the other provisions of this Agreement, Serviceco shall be entitled to and Opco shall pay to Serviceco the following Early Termination Amounts effective as of the earlier termination date, in accordance with s.5.1.2 hereto:

(a) In the event of termination of this Agreement by Serviceco for Opco's insolvency or bankruptcy pursuant to Section 10.2:

(i) all amounts due and owing pursuant to Section 3 herein;

(ii) Any and all costs and expenses reasonably incurred by Serviceco in winding up its duties under this Agreement and transferring such responsibilities and Opco's assets; and

(iii) The Termination Costs.

(b) In the event of termination of this Agreement by Opco or Opco's Representative for Serviceco insolvency or bankruptcy pursuant to Section 10.2.

(i) All amounts due and owing pursuant to Section 3 herein;

(ii) Any and all costs and expenses reasonably incurred by Serviceco in winding up its duties under this Agreement and transferring such responsibilities and Opco's assets; and

(iii) The Termination Costs.

(c) In the event of termination of this Agreement by either Party pursuant to Section 10.3 herein:

(i) All amounts due and owing pursuant to Section 3 herein;

(ii) Any and all costs and expenses reasonably incurred by Serviceco in winding up its duties under this Agreement and transferring such responsibilities and Operator's assets; and

(iii) The Termination Costs.

11. Survival of Obligations. The termination of this Agreement shall not discharge either Party from any obligation which it owes to the other Party by reason of any transaction, commitment or agreement entered into, or any loss, cost, damage, expense or liability which shall occur or arise (or the circumstances, events or basis of which shall occur or arise) prior to such termination.

12. Accounting and Taxes

12.1. Consistent with Partnership Agreement. The accounting and tax service provided by Serviceco shall be consistent with the applicable provisions of Article 6 of the Partnership Agreement that are incorporated by reference herein as set forth in full. Matters of tax policy for the Partnership shall be the responsibility of and determined by the Management Committee in accordance with Section 7.6 of the Partnership Agreement.

13. Law of the Contract. This Agreement shall be construed and interpreted under the laws of the State of Maine, without regard to the principles of conflicts of laws.

14. Force Majeure.

14.1. Effect of Force Majeure. In the event that either Opco or Serviceco is rendered unable, by reason of any event of force majeure, as defined herein, to perform, wholly or in part, any obligation or commitment set forth in this Agreement, then upon such Party's giving notice and full particulars of such event as soon as practicable after the occurrence thereof, the obligations of both Parties, except for unpaid financial obligations arising prior to such event of force majeure, shall be suspended to the extent and for the period of such force majeure condition.

14.2. Nature of Force Majeure. The term "force majeure" as used in this Agreement shall mean acts of God, strikes, lockouts, or industrial disputes or disturbances, civil disturbances, arrests and restraint from rulers of people, interruptions by government or court orders, present and future valid orders, decisions or rulings of any government or regulatory entity having proper jurisdiction, temporary failure of gas supply, acts of the public enemy, wars, riots, blockades, insurrections, inability to secure labor or inability to secure materials, including inability to secure materials by reason of allocations promulgated by authorized governmental agencies, epidemics, landslides, lightning, earthquakes, fire, storms, floods, washouts, inclement weather which necessitates extraordinary measures and expense to construct facilities and/or maintain operations, explosions, breakage or accident to machinery or lines of pipe, freezing of pipelines, inability to obtain or delays in obtaining easements or rights-of-way, the making of repairs or alterations to pipelines or plants, or any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the Party claiming force majeure.

14.3. Non-Force Majeure Situations. Neither Serviceco nor Opco shall be entitled to the benefit of the provisions of Section 14.1 of this Agreement under the following circumstances:

14.3.1. To the extent that the failure was caused by the Party claiming suspension having failed to remedy the condition by taking all reasonable acts, short of litigation, if such remedy requires litigation, and having failed to resume performance of such commitments or obligations with reasonable dispatch;

14.3.2. If the failure was caused by failure of the Party claiming suspension to request or pay necessary funds in a timely manner, or with respect to the payment of any amounts then due hereunder;

14.3.3. To the extent that the failure was caused or contributed to by the negligence, gross negligence or wilful misconduct of the Party claiming suspension.

14.4. Resumption of Normal Performance. Should there be an event of force majeure affecting performance hereunder, the Parties shall co-operate to take all reasonable steps to remedy such event with all reasonable dispatch to insure resumption of normal performance.

14.5. Strikes and Lockouts. Settlement of strikes and lockouts shall be entirely within the discretion of the Party affected, and the requirement in Section 14.3.1 and Section 14.4 of this Agreement that any event of force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the Parties directly or indirectly involved in such

strikes or lockouts when such course is inadvisable in the discretion of the Party having such difficulty.

15. General

15.1. Effect of Agreement. This Agreement reflects the whole and entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, among the Parties with respect to the subject matter hereof.

15.2. Notices. Unless otherwise specifically provided in this Agreement, any written notice or other communication shall be sufficiently given or shall be deemed given on the fifth business day following the date on which the same is mailed by registered or certified mail, postage prepaid, or on the next business day following the date on which the same is sent via a nationally recognized courier service or by telecommunication, in each case addressed:

15.2.1. If to Serviceco, to:

Paul McGregor, Vice-President
TransCanada Pipelines Limited
450 – 1 Street S.W.
Calgary, Alberta T2P 5H1

or such other person or address as may be designated from time to time by written notice to Opco.

15.2.2. If to Opco, to

Mr. Robert Pirt, President
PNGTS Operating Co., LLC
One Harbour Place
Portsmouth, NH USA
03801

and

Mr. Patrick Cabana
Vice President, Gas Supply, Procurement and Regulatory Affairs
Gaz Metro
1717 du Havre
Montreal, Quebec
H2K 2X3
(514) 598-3364

or such other person or address as may be designated from time to time by written notice to Serviceco.

15.3. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15.4. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

15.5. Waiver. No waiver by any Party of any default by any other Party in the performance of any provision, condition or requirement herein shall be deemed to be a waiver of, or in any manner release the other Party from, performance of any other provision, condition or requirements herein, nor shall such waiver be deemed to be a waiver of, or in any manner a release of, the other Party from future performance of the same provision, condition or requirement. Any delay or omission of any Party to exercise any right hereunder shall not impair the exercise of any such right, or any like right, accruing to it thereafter. No waiver of a right created by this Agreement by one Party shall constitute a waiver of such right by the other Party except as may otherwise be required by law with respect to Persons not parties hereto. The failure of one Party to perform its obligations hereunder shall not release the other Party from the performance of such obligations.

15.6. Assignability. This Agreement may not be assigned by Serviceco, nor may Serviceco delegate any of its obligations hereunder except as otherwise expressly permitted or contemplated hereby, without the prior written consent of the Partnership, which consent may be granted or withheld in such the Partnership's sole discretion. Opco may assign this Agreement without the consent or approval of Serviceco. Any assignment hereunder shall be effective on the first Day of the Month following the Month during which the Assignment is complete. In the event of an assignment of this Agreement by either Party, the assignor shall have no further rights, liability or obligations hereunder; provided, however, that the assignor shall not be discharged from any obligation which it owes to the other Party by reason of any loss, cost, damage, expense or liability which shall occur or arise (or the circumstances, events or basis of which shall occur or arise) prior to the effective date of such assignment. This Agreement and all of the obligations and rights herein established shall extend to and be binding upon and shall inure to the benefit of the respective successors and permitted assigns of the respective Parties hereto.

15.7. References to Money. All references in this Agreement to money shall be to or in Dollars of the United States of America.

15.8. Severability. Should any provision of this Agreement be deemed in contradiction with the laws of any jurisdiction in which it is to be performed or unenforceable

for any reason, such provision shall be deemed null and void, but this Agreement shall remain in force in all other respects. Should any provision of this Agreement be or become ineffective because of changes in applicable laws or interpretations thereof or should this Agreement fail to include a provision that is required as a matter of law, the validity of the other provisions of this Agreement shall not be affected thereby. If such circumstances arise, the Parties hereto shall negotiate in good faith appropriate modifications to this Agreement to reflect those changes that are required by law.

15.9. Third Persons. Nothing herein expressed or implied is intended or shall be construed to confer upon or to give any Person not a party hereto any rights or remedies under or by reason of this Agreement.

15.10. Laws and Regulatory Bodies. This Agreement and the obligations of the Parties hereunder are subject to all applicable laws, rules, orders and regulations of governmental authorities having jurisdiction and, in the event of conflict, such laws, rules, orders and regulations of governmental authorities having jurisdiction shall control.

15.11. Remedies Cumulative. Remedies provided under the provisions of this Agreement shall be cumulative and shall be in addition to the remedies provided by law or in equity.

15.12. Conflicts. In the event there is any conflict between this Agreement and any schedule or subsequent agreement referred to herein, the provisions hereof shall be deemed controlling, except in the event of a conflict with the Partnership Agreement, in which event the Partnership Agreement shall be deemed controlling.

15.13. Approval of Partnership or Management Committee. Unless otherwise specified, when the approval or other action of the Partnership is required under this Agreement such requirement shall be deemed to require approval of the Management Committee pursuant to the provisions of Article 7 of the Partnership Agreement.

15.14. Amendment. This Agreement may be amended, supplemented, restated, modified or otherwise changed only upon the written direction of the Partnership.

15.15. Section Numbers. Unless otherwise indicated, references to Section numbers are to Sections of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the 1st day of January, 2012.

PNGTS OPERATING CO., LLC.

By: /s/ Rob Pirt
Rob Pirt

By: /s/ Glenn Menuz
Glenn Menuz

1120436 ALBERTA LTD.

By: /s/ Paul McGregor
Paul McGregor

By: /s/ Ron Cook
Ron Cook

Approved as to Form and Content:	
Business	
Legal	

Amy Gillespie

SCHEDULE "A"
TransCanada - PNGTS Services
Budget Reporting Form ("Dashboard")
For The Period Ended

	YEAR-TO-DATE			ANNUAL		
Department Name	**Actual**	**Budget**	**Variance**	**Forecast**	**Budget**	**Variance**
Operating Services:						
Canadian Pipelines Market Development						
System Design and Commercial Operations						
Affiliated Services						
Canadian Pipelines						
US Pipelines Market Development						

FERC Fees Pipeline
Pipelines

Corporate Development and Strategy

Northeast US Operations
ANR Field Operations
Engineering
Field Operations

Community, Safety & Environment
O&ES USPC
O&ES Management & Intiatives
Affiliated Pipeline Operations
Supply Chain Management
Pipe Integrity - US
01271 Pipeline Integrity R&D
Business Management Services
O&PS Business Optimization
Field Operations - Other Programs
00581 Industry Relations
Land Payments
Operations and Project Services
Operational
00367 Revenue Generation
Operations and Major Projects

Human Resources
Facility Services

IS Project Expense
IS Management Security & Support
IS Technical Systems Delivery
IS Telecommunications
IS Application Maintenance & Support
IS Application Maintenance & Support - USPL
IS PMO & Acquisitions
IS Architecture and Planning
Information Systems

Relocation Expense
Rent
Frequent Business Travelers
Internal Communication
Corporate Services

Public Sector Relations
Corporate Legal Services
Pipeline & Regulatory Law
Corporate Development & Finance Law
01512 Corporate Security
External Legal Fees
Litigation Legal Fees
Public Relations
Charitable Donations
Corporate Memberships
Law & General Counsel

SCHEDULE "B"

Director of Marketing and Business Development RACI

Tasks	Marketing Director	President	Management Committee (Gaz Met/ TransCanada)	Gaz Met Management	TC Management
Identifies new business opportunities	R	A/R	C	I	I
Analyzes new business opportunities	A/R	C	I	I	I
Presents new business opportunities	R	A/R	C	I	I

Consult Partners on new business opportunities			A/R	C	C
Develops approved new Business opportunities	A/R	C	I	I	I
Reviews the impact of other pipelines on the business	A/R	C	I		
Sponsors BD & Marketing initiatives (trade shows etc..)	R	A	I		
Creates new pipeline Tariff Services	R	A/R	C	I	I
Propose new pipeline Tariff Services	A/R	C	I	I	I
Develop new pipeline Tariff Services	R	A/R	C	I	I
Manages marketing of new and existing services	A/R	C	C	I	I
Manages existing customer relationships	R	A/R	I		
Conducts and presents competitive research	A/R	I	I	I	I
Represents company at various functions	R	A/R	I		
Customer Forecast Report - Annually	A/R	C	I	I	I
Marketing & Business Development Status Report - Monthly	A/R	C	I	I	I
Marketing & Business Development Strategy Report - Annually	A/R	C	I	I	I
Market Environment Assessment Report - Annually	A/R	C	1	I	I
General initiative activity report - Monthly	A/R	C	I	I	I
Special initiative progress reports - as required	A/R	C	I	I	I

R-Responsibility: Group that works actively on the task
A-Accountability: Group that assures the task is done on time, on budged, as specified etc,.. (the buck stops here)
C-Consult: Consult is often equated with approval. Usually there is very lilted work for the group consulted, but their approval during the process is required for the task to be completed.
I-Informs Groups who are informed haves a stake in the outcome of an activity but are not in the position to approval the task.

A) When requested by a 3rd party, confidentiality of initiatives will be maintained at PNGTS until such conditions are released
B) Gaz Met will retain the right in approve the selection of the Director of Marketing and Business Development person dedicated to PNGTS, if current PNGTS employees do not continua in this function

Exhibit 10.4

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

AMENDED AND RESTATED

PARTNERSHIP AGREEMENT

AMONG

NATURAL GAS DEVELOPMENT CORPORATION,

TENNECO PORTLAND CORPORATION,

GAZ METRO PORTLAND CORPORATION,

JMC PORTLAND (INVESTORS), INC.,

TCPL PORTLAND INC.

AND

EAST COAST PIPELINE COMPANY

PARTNERSHIP AGREEMENT

TABLE OF CONTENTS

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

AMENDED AND RESTATED

PARTNERSHIP AGREEMENT

AMENDED AND RESTATED PARTNERSHIP AGREEMENT (this "Agreement") made as of this 1st day of March, 1996, by and among Natural Gas Development Corporation ("NGDC") with offices at 300 Friberg Parkway, Westborough, Massachusetts 01581-5039, Tenneco Portland Corporation ("Tenneco") with offices at 1010 Milam Street, Houston, Texas 77252-2511, Gaz Metro Portland Corporation ("Gaz Metro") c/o Northern New England Gas Corporation, 85 Swift Street, South Burlington, Vermont 05403, JMC Portland (Investors), Inc., ("JMC"), with offices at One Bowdoin Square, Boston, Massachusetts 02114, TCPL Portland Inc., ("TCPL"), with offices at 111-Fifth Avenue S.W., Calgary, Alberta, Canada T2P 4K5, and East Coast Pipeline Company ("East Coast"), with offices at 500 Griswold Street, 10th Floor, Detroit, Michigan 48226 (each of NGDC, Tenneco, Gaz Metro, JMC, TCPL and East Coast being sometimes herein referred to individually as a "Partner" and collectively as the "Partners").

RECITALS:

WHEREAS, Portland Natural Gas Transmission System was organized as a Maine general partnership by NGDC, Tenneco, Gaz Metro, JMC and Interstate Energy, Inc ("Interstate") pursuant to the Portland Natural Gas Transmission System Partnership Agreement dated November 12, 1993, (the "Initial Agreement") for the purpose

of further pursuing the development and construction of the Facilities and their operation thereafter; and

WHEREAS, the Initial Agreement was amended pursuant to that certain First Amendment to Portland Natural Gas Transmission System dated as of August 29, 1995 (the "First Amendment"); and

WHEREAS, pursuant to the terms of that Agreement of Purchase and Sale dated August 29, 1995, Interstate sold its entire Percentage Interest in the Partnership to the other Partners in the Partnership, and withdrew as a Partner in the Partnership; and

WHEREAS, the Management Committee has voted unanimously to admit each of TCPL and East Coast as an Additional Partner, and each of TCPL and East Coast, by its signature below, agrees to become an Additional Partner pursuant to the terms and conditions set forth in this Agreement; and

WHEREAS, to admit TCPL and East Coast as Additional Partners of the Partnership, and to make certain other modifications and amendments to the Initial Agreement, as amended by the First Amendment, the Partners desire to amend and completely restate the Initial Agreement as amended by the First Amendment.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Partners, intending to be legally bound, agree as follows:

1. Definitions. Unless otherwise required by the context, the terms defined in this §1 shall, for all purposes of this Agreement, have the respective meanings set forth below:

1.1 Additional Commitment Date. The date on which the Management Committee votes to commit the Partnership to construction of an Incremental Expansion pursuant to §2.12.2.

1.2 Additional Necessary Regulatory Approvals. All licenses, certificates, permits, approvals and determinations (all of which must be final and nonappealable) from United States and Canadian authorities having jurisdiction as may be required in connection with (a) the construction and operation of an Incremental Expansion, other than those licenses, certificates, permits, approvals and determinations of a nature not customarily obtained prior to commencement of construction of facilities of the nature of the Incremental Expansion and (b) the purchase, export, import, transportation and resale, if any, of the gas to be transported as a resale of such Incremental Expansion.

1.3 Additional Partner A Partner under this Agreement admitted in accordance with the provisions of §9.

1.4 Affiliate. Any Person which, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with any Person, including, but not limited to: a Parent of a Partner; such Parent's general partners if the Parent is a partnership, any limited partner owning more than 50% of the limited partnership interest in any Parent which is a limited partnership, and any corporation which owns directly or indirectly more than 50% of the voting stock of any such general or limited partner; a corporation more than 50% of the outstanding voting stock of which is owned directly or indirectly by a Partner or a Parent of a Partner; or a corporation more than 50% of the outstanding voting stock of which is owned directly or indirectly by a corporation more than 50% of the outstanding voting stock of which is owned directly or indirectly by a Partner or by a Parent of a Partner.

1.5 AFUDC. Allowance for funds used during construction, determined in accordance with Required Accounting Practice.

1.6 Associate. (a) Any natural person who is an Affiliate of a Partner, as defined in §1.4, (b) any officer, director or key employee of a Partner or

an Affiliate of a Partner, (c) any trust or other estate in which any natural person specified in clause (a) or (b) of this §1.6 has a substantial beneficial interest or as to which such person serves as trustee, and (d) any relative or spouse of a natural person specified in clause (a) or (b) of this §1.6, or any relative of such spouse, who has the same home as such person.

1.7 Capital Account. The total Capital Contributions credited to the Capital Account of a Partner in accordance with §4, plus any profits of the Partnership and less any losses of the Partnership determined in accordance with Required Accounting Practice and allocated to such account in accordance with §4, less any distribution to such Partner pursuant to §§5 or 11.5.2, and less any other adjustments provided for herein. The Capital Accounts of the Partners established pursuant to this Agreement shall not be deemed to be, nor have the same meaning as, the capital account of the Partnership under §12 of the Natural Gas Act or any similar concept found in any other similar statute or law of the United States or Canada (or any state or province thereof, as the case may be). Tax books

and records will be maintained and determined in accordance with Regulations Section 1.704-1.

1.8 Capital Contribution. In accordance with Regulations Section 1.704-1, the amount of cash or the initial fair market value of other property contributed to the Partnership by a Partner with respect to the interest in the Partnership held by that Partner, made pursuant, to this Agreement after the Commitment Date, and any Qualified Expenditures and Pre-Commitment Date Funds authorized to be credited to Capital Accounts pursuant to §3 .

1.9 Certified Public Accountants. A firm of independent public accountants selected from time to time by the Management Committee.

1.10 Code. The Internal Revenue Code of 1986, as amended from time to time, or any successor law.

1.11 Commitment Date. The date on which the Management Committee takes the final vote to commit the Partnership to construction of the Facilities pursuant to §2.9.

1.12 Continuation Date. March 1, 1996, the date as of which this Agreement becomes effective and supersedes the Initial Agreement and the First Amendment.

1.13 Cost of An Incremental Expansion. All costs and expenses, including AFUDC, incurred, assumed or paid by the Partnership for the acquisition, planning, design, engineering, financing, construction and start-up of an Incremental Expansion, and securing Additional Necessary Regulatory Approvals therefor, determined in accordance with Required Accounting Practice.

1.14 Cost of The Facilities. All costs and expenses, including AFUDC, incurred, assumed or paid by the Partnership for the acquisition, planning, design, engineering, financing, construction and start-up of the Facilities, and securing Necessary Regulatory Approvals therefor, determined in accordance with Required Accounting Practice.

1.15 Cost Sharing Agreement. That certain Cost Sharing Agreement by and among NGDC, Tenneco, Gaz Metro and Interstate or such Partners' Affiliates dated April 11, 1991, providing for the sharing of certain costs in connection with the conduct of development activities with respect to the Facilities.

1.16 Defaulting Partner. A Partner who is in default of its obligation to make Capital Contributions or to advance Pre-Commitment Date Funds hereunder, and

has received notice of such default pursuant to §3.3.4 (a).

1.17 Defaulted Contribution. As defined in §3.5.3.

1.18 Estimated Cost Of An Incremental Expansion. The estimated cost of an Incremental Expansion as approved from time to time by vote of the members of the Management Committee in accordance with the provisions of this Agreement with respect to such vote.

1.19 Estimated Cost Of The Facilities. The estimated Cost of the Facilities as approved from time to time by vote of the members of the Management Committee in accordance with the provisions of this Agreement with respect to such vote.

1.20 Facilities. The real, personal and mixed property (whether tangible or intangible) to be leased or owned and operated by the Partnership chiefly for the purpose of the transmission of natural gas through a new pipeline extending from the United States/Canadian border to the

vicinity of Haverhill, Massachusetts, all as more fully described in Appendix A hereto, with such changes in size, design and location as may be approved by the Management Committee (including, but not limited to, an Incremental Expansion approved by

the Management Committee pursuant to §2 12) or with such change in use and purpose as may be approved by a 60% Vote of the Partners.

1.21 FERC. The Federal Energy Regulatory Commission or any commission, agency or other governmental body succeeding to the powers of such Commission.

1.22 Financing Commitment. Definitive agreements between financial institution (s) and the Partnership pursuant to which such financial institution (s) agree, subject to the conditions set forth therein, to lend money to the Partnership, the proceeds of which shall be used to finance all or a portion of the Cost of the Facilities or of the Cost of an Incremental Expansion. It is the intention of the Partnership to ensure that the terms of Financing Commitments shall limit the claim of the parties thereunder to the assets of the Partnership and shall waive any rights of such parties and other beneficiaries to proceed against the Partners individually. No Financing Commitment may bind any Affiliate or require a Partner to cause an Affiliate to undertake any obligation in connection with any Financing Commitment without said Affiliate's consent, which such Affiliate may grant or withhold in its sole discretion.

1.23 Firm Service Gas Transportation Contract. Any Gas Transportation Contract which provides for firm service to the Shipper thereunder.

1.24 First Amendment. As defined in the Recitals hereto.

1.25 Formation Date. 12:01 A.M. on November 12, 1993, the date as of which the Partnership was formed and the Initial Agreement became effective.

1.26 Gas Purchase Contract. Any gas purchase contract agreed to by a Shipper.

1.27 Gas Transportation Contract. Any gas transportation contract by and between the Partnership and one or more Shippers for the transportation of natural gas.

1.28 Holding Company Act. The Public Utility Holding Company Act of 1935, as amended from time to time, or any successor or replacement, statute.

1.29 Incremental Expansion. Any facilities installed within the United States to modify, improve or expand the Facilities or any existing portion thereof, except in connection with customary maintenance, to permit the delivery capacity of the Facilities to be increased after the Commitment Date

1.30 Initial Agreement. As defined in the Recitals hereto.

1.31 Interstate. As defined in the Recitals hereto

1.32 Lease. Any lease agreement between a lessor and the Partnership as lessee pursuant to which the Partnership will acquire all or a portion of the right-of-way for construction of the Facilities.

1.33 Majority Vote. The affirmative vote, written approval or written consent of Partners, or in the case of a vote of the Management Committee or of the audit committee or any other committee of the Partnership, of Representatives of Partners, having more than 50% of the Percentage Interests of the Partners entitled to vote on the matter as provided in §7.6, or in the case of the words "Partners" or "members of the Management Committee" or "members of the audit committee" preceded by any qualifying term such as "remaining" or "non-defaulting", the affirmative vote, written approval or written consent of Representatives of Partners having more than 50% of the Percentage Interests of all Partners entitled to vote on the matter as provided in § 7.6

1.34 Management Committee. The Management Committee provided for in §7.

1.35 Memorandum of Understanding. That certain Memorandum of Understanding, dated April 11, 1991, as amended by a letter of withdrawal dated June 10, 1991, by and among NGDC, Tenneco, Gaz Metro and Interstate or their Affiliates and one other third party providing for the conduct of certain feasibility and evaluation activities in connection with the development of the Facilities

1.36 Natural Gas Act. The Natural Gas Act, 15 U.S.C. §§717-717w.

1.37 Natural Gas Policy Act. The Natural Gas Policy Act, 15 U.S.C, §§3301-3432.

1.38 Necessary Regulatory Approvals. The following licenses, certificates, permits, approvals and determinations (all of which must be final and nonappealable):

(a) All United States federal and state regulatory and governmental permits and approvals necessary for the construction and operation of the Facilities and the rendering of service pursuant to the Gas Transportation Contracts.

(b) All Canadian federal and provincial regulatory and governmental permits and approvals necessary for Shippers' supplier(s) to export,

sell and deliver gas to the Shippers pursuant to the Gas Purchase Contracts.

(c) All United States federal and state regulatory and governmental permits and approvals necessary for the Shippers' purchase and importation of gas pursuant to the Gas Purchase Contracts.

(d) All other Canadian and United States federal, state, local or municipal or provincial governmental or regulatory permits, licenses, determinations, certificates and other approvals as may be necessary in connection with formation of the Partnership or the participation of a Partner therein, the purchase, export, import, transportation and sale of the gas to be purchased under the Gas Purchase Contracts and the Gas Transportation Contracts, and the construction and operation of the Facilities, which are customarily obtained in advance of construction.

1.39 Nonrecourse Deductions. The definition set forth in Section 1.704-2 (b) (1) of the Regulations. The amount of Nonrecourse Deductions for a Partnership fiscal year equals the excess, if any, of the net increase, if any, in the amount of Partnership

Minimum Gain during that fiscal year over the aggregate amount of any distributions during that fiscal year of proceeds of a Nonrecourse Liability that are allocable to an increase in Partnership Minimum Gain, determined according to the provisions of Section 1.704-2 (c) of the Regulations.

1.40 Nonrecourse Liability. The meaning set forth in Section 1.704-2 (b) (3) of the Regulations.

1.41 Operating Agreement. The Operating Agreement provided for in §7.5.

1.42 Operator. The Operator provided for in §7.

1.43 Parent. Any Person which owns directly or indirectly more than 50% of the outstanding voting stock of a Partner; or (i) any general partners of such a Person if that Person is a partnership, (ii) any limited partner owning more than 50% of the limited partnership interest in any Person which is a limited partnership and (iii) any corporation which owns directly or indirectly more than 50% of the voting stock of such a general partner or limited partner.

1.44 Partner. Each of the Persons executing this Agreement, and any Person substituted for an original Partner and any Additional Partner which

is admitted to the Partnership pursuant to §9, excluding any Withdrawn Partner or any Person for whom another Person has been substituted as a Partner in the Partnership pursuant to this Agreement.

1.45 Partner Nonrecourse Deductions. The definition set forth in Section 1.704-2 (i) (2) of the Regulations. The amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership fiscal year equals the excess, if any, of the net increase, if any, in the amount of Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt during that fiscal year over the aggregate amount of any distributions during that fiscal year to the Partner that bears the economic risk of loss for such Partner Nonrecourse Debt to the extent such distributions are from the proceeds of such Partner Nonrecourse Debt and are allocable to an increase in Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Section 1.704-2 (i) (2) of the Regulations.

1.46 Partner Nonrecourse Debt. The meaning set forth in Section 1.704-2 (b) (4) of the Regulations.

1.47 Partner Nonrecourse Debt Minimum Gain. An amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2 (i) of the Regulations

1.48 Partnership. The partnership continued by this Agreement.

1.49 Partnership Minimum Gain. The definition set forth in Section 1.704-2 (d) of the Regulations.

1.50 Percentage Interest. The percentage interest in the Partnership for each Partner as initially set forth on Schedule A hereto and as modified from time to time in accordance with the provisions of this Agreement.

1.51 Person. An individual or legal entity with the capacity to contract, including without, limitation, a corporation joint stock company, business trust or general or limited partnership.

1.52 Precedent Agreement. With respect to Gas Transportation Contracts, an agreement whereby a Shipper conditionally undertakes to execute a Gas Transportation Contract on such terms and conditions as may be approved by the Management

Committee by a 60% Vote; and with respect to Gas Purchase Contracts, an agreement whereby a natural gas supplier conditionally undertakes to execute a Gas Purchase Contract with a Shipper on such terms and conditions as the Management Committee by a 60% Vote deems acceptable for all purposes of this Agreement.

1.53 Pre-Commitment Date Funds. Funds advanced for funding the costs of planning, designing, obtaining regulatory approvals for, negotiating the terms of and obtaining rights-of-way for, financing and constructing the Facilities, (a) prior to the Formation Date by any Partner or any of its Affiliates as set forth on Appendix B or pursuant to and in accordance with the Cost Sharing Agreement, and (b) after the Formation Date and prior to the Commitment Date by or on behalf of any Partner pursuant to §2.8.2 or any Withdrawn Partner pursuant to §3.5.2.

1.54 Qualified Expenditures. Expenditures, other than Pre-Commitment Date Funds, made by any Partner or any of its Affiliates prior to the Formation Date, if subsequently approved by the Management Committee, or after the Formation Date, if previously or subsequently approved by the

Management Committee, incurred in the course of activities reasonably related to planning, designing, obtaining regulatory approvals for, negotiating the terms of and obtaining rights-of-way for, financing and constructing the Facilities. The Management Committee shall not unreasonably withhold any approvals required hereby.

1.55 Regulations. The Income Tax Regulations promulgated under the Code, as such Regulations may be amended from time to time (including corresponding provisions of succeeding Regulations).

1.56 Representative. A Person designated by a Partner or Partners to serve as a member of the Management Committee or any other committee of the Partnership; a Partner may designate different Persons to serve on different Partnership committees.

1.57 Required Accounting Practice. Generally accepted accounting principles as practiced in the United States at the time prevailing for companies engaged in a business similar to that of the Partnership or, if inconsistent therewith, the accounting rules and regulations, if any, at the time prescribed by the regulatory body or bodies under the

jurisdiction of which the Partnership is at the time operating.

1.58 Securities and Exchange Commission. The United States Securities and Exchange Commission or any successor thereto.

1.59 Shipper. Any Person which, with the approval of the Management Committee, proposes to enter into or has entered into a Gas Transportation Contract with the Partnership for the transportation of gas through the Facilities.

1.60 60% Vote. The affirmative vote, written approval or written consent of Partners, or in the case of a vote of the Management Committee or of the audit committee or any other committee of the Partnership, of Representatives of Partners, having 60% or more of the Percentage Interests of the Partners entitled to vote on the matter as provided in §7.6, or in the case of the words “Partners” or “members of the Management Committee” or “members of the audit committee” preceded by any qualifying term such as “remaining” or “non-defaulting”, the affirmative vote, written approval or written consent of Representatives of Partners having 60% or more of the Percentage Interests of all Partners entitled to vote on the matter as provided in §7.6.

1.61 Withdrawn Partner. A Person who (a) has withdrawn from the Partnership pursuant to §11.4 or (b) is deemed to have withdrawn from the Partnership pursuant to §§2.9, 3.3.4 or 11.3 of this Agreement.

1.62 Withdrawn Partner Former Capital Account. A contingent obligation of the Partnership to a Withdrawn Partner equal to such Withdrawn Partner’s former Capital Account (as of the date immediately prior to its withdrawal), increased by the amount of any liabilities of the Partnership paid by such Withdrawn Partner after withdrawal pursuant to §3.5.2, and decreased by all payments made to such Withdrawn Partner after its withdrawal pursuant §3.5.1.

2. Continuation Of The Partnership.

2.1 Continuation. The Partners hereby continue the general partnership that was initially formed on the Formation Date by NGDC, Tenneco, Interstate, Gaz Metro and JMC pursuant to the Uniform Partnership Act of the State of Maine and the terms and conditions of the Initial Agreement as amended by the First Amendment.

2.2 Name. The name of the Partnership shall be the Portland Natural Gas Transmission System.

2.3 Purpose. The Partnership shall plan, design, construct, own and operate the Facilities and shall carry on all such other activities necessary or incidental thereto.

2.4 Governmental Applications. The Partners shall cooperate in securing the Necessary Regulatory Approvals and, in the case of an Incremental Expansion approved by the Management Committee, the Additional Necessary Regulatory Approvals.

2.5 Regulatory Status. The Partners acknowledge that the Partnership will be a "natural gas company" under the Natural Gas Act.

2.6 Representations And Warranties Concerning Formation Of the Partnership.

2.6.1 General Representations And Warranties. Each Partner, at the time of its admission to the Partnership, represents and warrants that the execution and delivery of this Agreement, the formation or continuation of the Partnership, as the case may be, and the performance of its obligations hereunder will not contravene or conflict with any provision of law or of the charter or other organizing document of such Partner or the bylaws of such Partner if a corporation, or contravene, conflict with or

constitute a default under, any indenture, mortgage, instrument or other agreement of such Partner or any order of any court, commission or governmental agency applicable to such Partner. Each Partner further represents, warrants and covenants that (a) it is, and for so long as it is a Partner hereunder it will do or cause to be done all things necessary to continue to be, a Person duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, (b) it will not, without the prior consent of the Management Committee, incur any indebtedness (direct or contingent) of any kind (except indebtedness incurred to meet obligations hereunder and owing to an Affiliate or incurred as a result of being a Partner and except indebtedness of the Partnership, for which such Partner, as a Partner, may be deemed liable under applicable law), acquire any assets or enter into or conduct any business or activity of any kind, except to the extent necessary or appropriate in connection with the performance by it of the terms of this Agreement or incidental to its status as a Partner, (c) the execution and delivery of this Agreement has been duly authorized, and this Agreement, when

executed and delivered by such Partner, will be its valid and binding agreement, enforceable in accordance with the terms hereof, (d) it has disclosed in writing to each other Partner the nature and amount of each and every material financial relationship it or any of its Affiliates or Associates has with any other Partner or any Affiliate or Associate thereof (other than the relationships created by this Agreement and the transactions contemplated hereby) which relationship poses a material competitive threat to the actual or proposed business of the Partnership, and (e) during the term of this Agreement, within thirty (30) days following such Partner, or any of its Affiliates or Associates, entering into any new material financial relationship with any other Partner or any Affiliate or Associate thereof which conflicts or may conflict with the business of the Partnership or which may have a material impact thereon, it shall notify each other Partner in writing of the nature and amount thereof.

2.6.2 Representations And Warranties Concerning The Holding Company Act.

(a) Each Partner represents and warrants that as of the date of its admission to the

Partnership, it is not a holding company, or a subsidiary or affiliate of a holding company, which is required to be registered with the Securities and Exchange Commission under the Holding Company Act and the rules and regulations promulgated thereunder, within the meaning of the Holding Company Act.

(b) All Partners represent and warrant that no interests will be transferred and no other actions will be taken which would result in 50% or more of the Percentage Interests in the Partnership being held by entities which are registered holding companies under the Holding Company Act, or subsidiaries or affiliates of registered holding companies under the Holding Company Act.

2.7 Offices. The principal offices of the Partnership shall be at 300 Friberg Parkway, Westborough, Massachusetts 01581-5039, or at such place as the Management Committee may from time to time determine. Written notice of any change in such offices shall be given to each Partner.

2.8 Development Of The Facilities.

2.8.1 Subject to §13.10, each Partner shall devote such efforts as shall be reasonable and necessary to

develop and promote the Facilities for the greatest advantage of the Partnership, taking into account its respective resources and expertise.

2.8.2 The Management Committee shall, by 60% Vote, approve a budget for the development of the Facilities and shall from time to time determine the amounts and timing of Pre-Commitment Date Funds to be advanced to the Partnership by or on behalf of each Partner in accordance with such Partner's respective Percentage Interest provided that, neither TCPL nor East Coast shall be required to advance any Pre-Commitment Date Funds respecting any costs incurred or accrued before March 1, 1996 by the Partnership, the Partners or any Withdrawn Partner but instead shall contribute amounts to the Partnership as a Capital Contribution after the Commitment Date pursuant, to §3.1.4.

2.8.3 Subject to §3.5.3, if a Partner becomes, or is deemed to have become, a Withdrawn Partner on or before the Commitment Date in accordance with any provision of this Agreement, the Percentage Interest of such Withdrawn Partner shall be allocated among the Partners on the basis agreed to by all such remaining Partners; provided, however, that if the remaining Partners are unable to reach

such agreement, the Percentage Interest of the Withdrawn Partner shall be allocated among the remaining Partners pro rata on the basis of their Percentage Interests.

2.9 Commitment To Construct The Facilities.

2.9.1 Except upon approval by 60% Vote, the Partnership shall not incur any material costs or obligations ("material costs or obligations" for this purpose shall mean any capital expenditure exceeding $500,000, any contractual obligation exceeding $500,000 or extending for more than twelve (12) calendar months, or any cost exceeding its budgeted amount by the lesser of 10% thereof or $500,000) with respect to the Facilities (except for the contingent obligation provided in §2.10 to repay Pre-Commitment Date Funds advanced by Withdrawn Partners) or become obligated under the Financing Commitments relating to the Facilities (except for a normal financing commitment fee) until (a) the Partnership has obtained the right-of-way to construct the Facilities, (b) the Necessary Regulatory Approvals have been obtained, (c) arrangements for the Financing Commitments have been made, (d) Firm Service Gas Transportation Contracts (or Precedent Agreements with respect

thereto) have been executed by the Partnership and each Shipper which provide for transportation by all Shippers in the aggregate of a minimum volume of natural gas per day, such minimum to be determined by the Management Committee by Majority Vote, (e) Gas Purchase Contracts or Precedent Agreements with respect thereto have been executed by each Shipper and its supplier (s) for supplies to all Shippers in the aggregate of a minimum volume of natural gas per day, such minimum to be determined by the Management Committee by Majority Vote, (f) the Estimated Cost of the Facilities has been determined and (g) the Management Committee has approved the commitment to construct the Facilities as provided in §2.9.2 or 2.9.3.

2.9.2 Immediately following the last to occur of the events referred to in clauses (b), (c) and (f) of §2.9.1, the satisfaction of all conditions set forth in any Precedent Agreements for execution of Firm Service Gas Transportation Contracts, and the satisfaction of all conditions set forth in any Precedent Agreements for execution of Gas Purchase Contracts, the Management Committee shall vote on whether the Partnership shall be committed to construct the Facilities Approval of the

commitment to construct the Facilities shall require a 60% vote of the Management Committee; provided, however, that if there shall occur a 60% Vote in favor of the commitment to construct the Facilities, a Partner whose Representative did not vote in favor shall be deemed to have withdrawn from the Partnership at the end of the fifth day following such vote, unless within such five day period such Partner shall have notified the other Partners in writing that its vote has been changed.

2.9.3 If any Partner is deemed to have withdrawn from the Partnership pursuant to the provisions of §2.9.2, the Management Committee shall, upon the request of the Representative of any Partner which voted in favor of such commitment, arrange for a reconsideration of the decision to commit the Partnership to construct the Facilities on a date that is not less than five days nor more than ten days after the conditions referred to in §2.9.2 are once again satisfied. In the case of such a reconsideration pursuant to this §2.9.3, approval shall require a Majority Vote of the Management Committee (comprised only of Representatives of Partners which have not been deemed to have withdrawn from the Partnership pursuant to §2.9.2)

in favor of the commitment; provided, however, that if there shall occur a Majority Vote in favor of the commitment to construct the Facilities as a result of such reconsideration, a Partner whose Representative did not vote in favor shall be deemed to have withdrawn from the Partnership at the end of the fifth day following such vote, unless within such five (5) day period such Partner shall have notified the other Partners in writing that its vote has been changed.

2.9.4 After the Commitment Date, except upon approval by 60% Vote of the Management Committee, the Partnership shall not incur any material costs or obligations, as defined in §2.9.1, with respect to the Facilities until all conditions precedent to the obtaining by the Partnership of funds pursuant to the Financing Commitments relating to the Facilities have been satisfied.

2.10 Repayment Of Pre-Commitment Date Funds And Qualified Expenditures To Withdrawn Partners.

2.10.1 Subject to §2.10.2 and the proviso hereinafter set forth, as soon as reasonably practicable after firm service to Shippers has commenced, the Partnership shall repay the Pre-Commitment Date Funds and Qualified Expenditures advanced by any former

Partner which has, or is deemed to have, become a Withdrawn Partner on or before the Commitment Date, but only to the extent such amounts have not been recovered by such Persons through rates (which action shall be within the sole discretion of each Partner at all relevant times), provided, however, that the Management Committee determines by a 60% Vote that payment of such amounts may be made without adversely affecting the Partnership's financing arrangements or operating and working capital requirements. Such payments are to be made on a pro rata basis among the foregoing Persons until the Pre-Commitment Date Funds and Qualified Expenditures so advanced *by* them are paid in full, provided, however, that in the event such Persons have not been so repaid in full by the date which is one year following the date firm service to Shippers has commenced, the outstanding amounts of Pre-Commitment Date Funds and Qualified Expenditures which have not been repaid shall thereafter bear interest at a rate equal to the prime rate announced as in effect by The First National Bank of Boston from time to time plus two percentage points. In the event that such funds (including interest) are not repaid prior to the

winding up of the Partnership pursuant to §11.5, such amounts shall be deemed to be contingent liabilities of the Partnership. A Withdrawn Partner's Capital Account, if any, shall be recorded in its Withdrawn Partner Former Capital Account, reduced to zero and eliminated.

2.10.2 Pre-Commitment Date Funds and Qualified Expenditures advanced by any former Partner which has, or is deemed to have, become a Withdrawn Partner on or before the Commitment Date shall be subject to review and verification by FERC, and only those expenditures found by FERC to reflect reasonable and necessary expenditures, prudently incurred, shall be repayable under the conditions set forth in §2.10.1 by the Partnership, and then only to the extent appropriately made *on* behalf of the Partnership for inclusion in the rate base of the Facilities. It shall be the duty of the Management Committee to make timely application to the FERC on behalf of the Partnership for such review and verification, and the Management Committee shall seek inclusion in the rate base of the Facilities all Pre-Commitment Date Funds and Qualified Expenditures. As a condition to receipt of any repayment of Pre-Commitment Date Funds or

Qualified Expenditures, each Partner agrees hereby that in the event it shall become a former Partner which has, or is deemed to have, become a Withdrawn Partner on or prior to the Commitment Date, it shall return to the Partnership an amount equal to any amount of such repayment to it that is disallowed for ratemaking purposes by FERC, and, if applicable, an amount equal to the interest paid by the Partnership on such disallowed Pre-Commitment Date Funds or Qualified Expenditures promptly following written notice to such former Partner of such disallowance and the amount due pursuant to this §2.10.2.

2.11 Incremental Expansion.

2.11.1 Any Partner or Partners which desire the Partnership to construct an Incremental Expansion shall notify the other Partners and the Management Committee of the amount of additional capacity requested and the date on which such capacity is requested to be available, and shall provide a detailed explanation of the reasons why such capacity is being requested.

2.11.2 Within sixty (60) days after receipt by each Partner of any proposal for an Incremental Expansion and the explanatory information described

in §2.11.1, the Management Committee shall vote on whether to investigate whether to proceed with the development of the proposed Incremental Expansion. Upon the vote of the Management Committee to conduct such an investigation, which shall be by a 60% Vote thereof, the Partnership shall proceed with such an investigation, by instructing the Operator (i) to determine an estimate of the cost of the proposed Incremental Expansion, and a proposed financing plan therefor, and (ii) to create appropriate engineering data, flow diagrams and maps describing such Incremental Expansion in such detail as is required for filing as exhibits to an application to FERC for authorization to construct and operate the proposed Incremental Expansion. The Operator shall send the results of such investigation to each of the Partners as soon as possible and in any event within 180 days after the Management Committee instructs the Operator to conduct such investigation.

2.11.3 Within sixty (60) days after the Operator has sent to each Partner the results of its investigation conducted pursuant to Section 2.11.2, above, the Management Committee shall vote on whether to proceed with the development of the proposed

Incremental Expansion, which shall be by a 60% vote thereof. A vote to proceed with the development of an Incremental Expansion shall be without prejudice to the vote on whether the Partnership shall be committed to construct such Incremental Expansion under §2.12.2.

2.12 Commitment to Construct An Incremental Expansion.

2.12.1 Except as provided in §2.11.2, and except upon approval by a 60% Vote, the Partnership shall not incur any material costs or obligations with respect to an Incremental Expansion ("material costs or obligations" for this purpose shall mean any capital expenditure exceeding $500,000, any contractual obligation exceeding $500,000 or extending for more than twelve (12) calendar months, or any cost exceeding its budgeted amount by the lesser of 10% thereof or $500,000, but shall not include the reasonable costs necessary to meet the conditions precedent set forth in subsections (a) and (b), below) or become obligated under any interim financing arrangements relating to an Incremental Expansion (except for a normal financing commitment fee) until (a) the Partnership has obtained any required right-of-way for such Incremental Expansion, (b) the Additional Necessary

Regulatory Approvals have been obtained, (c) arrangements for such Financing Commitments, if any, as may be required in the opinion of the Management Committee for such Incremental Expansion have been made, (d) Firm Service Gas Transportation Contract (s) (or Precedent Agreements with respect thereto) for the use of such portion of the capacity of the Incremental Expansion as shall be sufficient to satisfy any applicable FERC requirements has(ve) been executed by the Partnership and by one or more Shippers approved by the Management Committee and related Gas Purchase Contracts (or Precedent Agreements with respect thereto) have been executed by each such Shipper and its supplier(s), (e) the Estimated Cost of an Incremental Expansion has been determined and (f) the Management Committee has approved the commitment to construct such Incremental Expansion as provided in §2.12.2.

2.12.2 Immediately following the last to occur of the events referred to in Clauses (b), (c) and (e) of §2.12.1, and the satisfaction of all conditions set forth in any Precedent Agreements with respect to Firm Service Gas Transportation Contracts and Gas Purchase Contracts by the Shippers which will

utilize the capacity of the Incremental Expansion (other than the vote of the Management Committee to commit to construct the Incremental Expansion), or at such time as unanimously agreed by the Management Committee, the Management Committee shall vote on whether the Partnership shall be committed to construct the Incremental Expansion. A 60% Vote of the Management Committee shall be required to approve the commitment to construct the Incremental Expansion.

2.13 Regulatory And Financing Decisions with Respect To Incremental Expansions. All votes on regulatory and financial matters with respect to an Incremental Expansion, including without limitation, the filing of applications for Additional Necessary Regulatory Approvals or amendments thereto, acceptance of all such approvals and amendments, the filing of any tariff or tariff revisions relating to an Incremental Expansion, and execution of financing agreements and commitments related to an Incremental Expansion, shall be subject to the same voting standard set forth in §2.12.2 for approval of the commitment to construct

3. Capital Contributions.

3.1 Initial Capital Contributions.

3.1.1 The initial Capital Contribution of each Partner to the Partnership shall be as determined by the Management Committee in accordance with this §3.

3.1.2 The Pre-Commitment Date Funds and Qualified Expenditures advanced (whether prior to or after the Formation Date) by each Partner (or the Affiliate of such Partner) which remains a Partner after the Commitment Date, to the extent that such amounts have not otherwise been recovered by such Persons through rates, shall, as provided in this §3.1.2 and in §3.1.5, be credited to its respective Capital Account as soon as possible after the Commitment Date, but no later than thirty (30) days after the Commitment Date

3.1.3 The assets, if any, acquired by means of the Pre-Commitment Date Funds and Qualified Expenditures of the Partners, shall be and are hereby contributed to the Partnership. Subject to such change as may be required by §3.1.5:

(a) The valuation by the Partnership of the Qualified Expenditures credited to each Partner shall be subject to the determination of the Management Committee, prior to such

crediting, by 60% Vote; provided, however, that the valuation of all Qualified Expenditures shall be finally determined by the Management Committee no later than thirty (30) days after the Commitment Date;

(b) Each Partner may have reasonable access to the books and records of the other Partners and any Affiliate which has incurred Qualified Expenditures to be credited to a Partner, as appropriate, to verify the accuracy of such expenditures; and

(c) The Qualified Expenditures credited to each Partner shall be supported in reasonable detail by an audited statement or by a verified statement signed by an officer of the Partner with the knowledge or information and authority to make such verification.

3.1.4 On a date selected by the Management Committee, which shall be no later than sixty (60) days after the Commitment Date, each Partner shall make a cash Capital Contribution to the Partnership, as appropriate, and promptly thereafter the Partnership shall make a distribution (solely out of the funds so received from other Partners), if appropriate, in order to assure that the ratio of

each Partner's Capital Account balance to the aggregate of all Partners' Capital Account balances, after taking into effect the Pre-Commitment Date Funds and Qualified Expenditures credited to the Capital Accounts of the Partners in accordance with §§3.1.2, 3.1.3 and this §3.1.4, will be equal to the Percentage Interest of such Partner set forth on Schedule A to this Agreement (subject to any prior adjustment to such Partner's Percentage Interest effected in accordance with the provisions of this Agreement). Unless otherwise agreed by unanimous consent of the Partners, in the event, after the Commitment Date, of (a) the withdrawal of a Partner or (b) a transfer of a Partner's interest or (c) payment of a Capital Contribution as provided in §3.5.3, the Percentage Interests set forth on Schedule A, as such Percentage Interests have been adjusted from time to time pursuant to this Agreement, shall be further adjusted so that the Percentage Interest of each remaining Partner shall be equal to a fraction, the numerator of which is such Partner's Capital Account and the denominator of which is the sum of all the Partners' Capital Accounts, rounded to the nearest ten-thousandth of one percent. The

Percentage Interests set forth on Schedule A, as they may be adjusted from time to time in accordance with the provisions of this Agreement, shall govern the obligations to advance Pre-Commitment Date Funds and to make Capital Contributions as specified in this §3. For purposes of determining adjustments to Partners' Percentage Interests pursuant to this §3.1.4, the latest monthly statement of Capital Accounts delivered to the Partners shall be controlling.

3.1.5 Pre-Commitment Date Funds and Qualified Expenditures shall be subject to review and verification by FERC, and only those expenditures found by FERC to reflect reasonable and necessary expenditures, prudently incurred, shall be retained in the Capital Accounts after being credited thereto as provided in §§3.1.2 or 3.1.3, and then only to the extent appropriately made on behalf of the Partnership for inclusion in the rate base of the Facilities (provided, that the Management Committee shall seek inclusion in the rate base of the Facilities of all Pre-Commitment Date Funds and Qualified Expenditures). Any disallowance for ratemaking purposes by FERC of an amount included in any Capital Account shall be deducted from such

Capital Account, and the Partner from whose Capital Account such deduction has been made shall promptly make a cash Capital Contribution (which shall be credited to its Capital Account as of the date of such deduction) to the Partnership in the amount of such deduction.

3.2 Post-Commitment Date Capital Contributions.

3.2.1 After the Commitment Date, each Partner shall, as provided in §3.3.1, contribute to the capital of the Partnership an amount equal to its Percentage Interest multiplied by the amount of the Cost of the Facilities less (a) any amount previously contributed by such Partner to the Cost of the Facilities pursuant to §3.1 and (b) an amount equal to its Percentage Interest multiplied by the amount of the Financing Commitments relating to the Facilities.

3.2.2 Whenever the Management Committee shall vote to proceed with the development of a proposed Incremental Expansion as provided in §2.11.3, the Management Committee shall cause to be prepared and filed on behalf of the Partnership appropriate applications for Additional Necessary Regulatory Approvals. Each Partner shall make a cash Capital Contribution to the Partnership, as provided in

§3.3.1, in an amount equal to its Percentage Interest of that portion, if any, of the Estimated Cost of an Incremental Expansion relating to the preparation and prosecution of the application(s) for Additional Necessary Regulatory Approvals and the acquisition of the Financing Commitments determined from time to time by the Management Committee as being required to be paid from Capital Contributions made by the Partners prior to the Additional Commitment Date relating thereto.

3.2.3 After any Additional Commitment Date relating to an Incremental Expansion approved pursuant to §2.12, each Partner shall make a cash Capital Contribution to the Partnership, as provided in §3.3.1, in an amount, if any, equal to its Percentage Interest of the Estimated Cost of

an Incremental Expansion, less (a) any amount previously contributed by such Partner to the Cost of an Incremental Expansion, (b) its Percentage Interest of the amount committed under the Financing Commitments, if any, relating to such Incremental Expansion and (c) its Percentage Interest of the amount, if any, the Management Committee may determine from time to time is available from the Partnership to finance such Incremental Expansion.

3.2.4 In the event that, at any time after the completion of construction of the Facilities, the Partnership shall require additional capital for operations, other than the capital provided for under §§3.2.1, 3.2.2 and 3.2.3, each Partner shall, as provided in §3.3.1, contribute to the capital of the Partnership an amount equal to its Percentage Interest multiplied by the aggregate amount of Capital Contributions determined to be required for such purpose by 60% Vote of the Partners.

3.3 Payment Of Pre-Commitment Date Funds And Capital Contributions.

3.3.1 The Management Committee shall issue or cause to be issued a written request to each Partner for payment of each installment of Pre-Commitment Date Funds to be advanced in accordance with §2.8.2 and of Capital Contributions to be made in accordance with §3.2, at such times and in such amounts (a) in the case of Capital Contributions to be made in accordance with §§3.2.1 or 3.2.3, as shall be consistent with the schedule of Capital Contributions contained in the construction fund schedule most recently approved by the Management Committee as provided in this Agreement, subject only to such variations in timing of such payments

as may be necessitated by the cash requirements of the Partnership and (b) in the case of Pre-Commitment Date Funds to be advanced in accordance with §2.8.2 and Capital Contributions be made in accordance with §§3.2.2 and 3.2.4, as the Management Committee shall approve as provided in this Agreement. All amounts received by the Partnership pursuant to this §3.3, whether received prior to, on or after the date specified in §3.3.2(d), shall be credited to the respective Partners' (i) obligation to advance Pre-Commitment Date Funds (in the case of Pre-Commitment Date Funds) or (ii) Capital Account (in the case of Capital Contributions) as of such specified date. All amounts received from a Partner after the date specified in §3.3.2(d) by the Partnership pursuant to this §3.3 shall be accompanied by interest on such overdue amounts, which interest shall be payable to the Partnership and shall accrue from and after such specified date at a rate equal to the lesser of 2% over the prime rate announced as in effect by First National Bank of Boston from time to time, or the maximum interest rate allowed for this purpose pursuant to the laws of the State of Maine. Any such interest paid with respect to

Pre-Commitment Date Funds or Capital Contributions, as the case may be, shall be credited to the respective obligations of all of the Partners to advance Pre-Commitment Date Funds or Capital Contributions, as the case may be, on a pro rata basis in accordance with their respective Percentage Interests as of the date such payment is made to the Partnership after giving effect to the payment of the Pre-Commitment Date Funds or Capital Contribution with respect to which such interest accrued.

3.3.2 Each written request issued pursuant to §3.3.1 shall contain the following information:

(a) The total amount of Pre-Commitment Date Funds or Capital Contributions requested from all Partners;

(b) The amount of Pre-Commitment Date Funds or Capital Contributions requested from each Partner, such amounts to be in accordance with the Percentage Interests of the Partners;

(c) The purpose for which the funds are to be applied in such reasonable detail as the Management Committee shall direct; and

(d) The date on which payments of the Pre-Commitment Date Funds or Capital

Contributions shall be made (which date shall be not less than thirty (30) days following the date the request is given) and the method of payment, provided that such date and method shall be the same for each of the Partners.

3.3.3 Each Partner agrees that it shall make payments of its respective Pre-Commitment Date Funds and Capital Contributions in accordance with requests issued pursuant to §3.3.1.

3.3.4 (a) In the event a Partner shall default in the performance of any of its obligations to advance any Pre-Commitment. Date Funds or make any Capital Contribution to the Partnership in accordance with the terms of this Agreement and such default shall continue uncured for a period of thirty (30) days after the giving of notice to all of the Partners of such default by any of the other Partners or for such extended cure period as may be approved by a 60% Vote of the Management Committee exclusive of Representatives of Defaulting Partners, then such Partner shall be deemed to have withdrawn from the Partnership effective as of the 31st day after such notice or the day after expiration of the extended cure period,

as the case may be, and such Defaulting Partner shall thereafter be a Withdrawn Partner. Subsequent to any such event of default and unless and until such default shall be cured as provided in §3.3.4 (c), the Defaulting Partner shall have no right to receive any allocations which are attributable to its interest in the Partnership and made in accordance with §4 and no distribution shall be made to the Defaulting Partner under §5. Notwithstanding the above, the allocation and distributive shares of a Defaulting Partner shall be retained by the Partnership until such time as (i) the Defaulting Partner has timely cured the default, at which time the Partnership shall distribute the retained funds, without interest, or (ii) the Defaulting Partner has become a Withdrawn Partner, at which time the funds so retained shall remain Partnership property.

(b) After the receipt of such notice of default pursuant to §3.3.4 (a) and prior to the curing of any such default as provided in §3.3.4 (c) of this Agreement or the withdrawal of the Defaulting Partner as provided in §3.3.4 (a), a

Defaulting Partner shall continue to be a Partner and shall continue to be obligated to advance all Pre-Commitment Date Funds and make all Capital Contributions as provided in this §3.3; provided, however, that until such default is cured, such Defaulting Partner's Representative shall not have any vote in matters to be acted upon by the Management Committee, and such Defaulting Partner's Percentage Interest shall not be considered in determining the total Percentage Interests of the Partners for the purpose of any vote of the Management Committee.

(c) A Defaulting Partner shall be deemed to have cured all defaults under this §3.3 when it has fulfilled its obligations to make all payments then due under §3.3 prior to the end of the period for cure as provided in §3.3.4 (a).

(d) Notwithstanding any other provision hereof, the obligation of a Partner to advance Pre-Commitment Date Funds or to make any Capital Contribution hereunder shall not be reduced because of the Partner's previous failure to advance any Pre-Commitment Date Funds or make any Capital Contribution.

3.4 Voluntary Contributions. No Partner shall advance any Pre-Commitment Date Funds or make any Capital Contributions to the Partnership except pursuant to §2.8.2 and this §3.

3.5 Withdrawn Partner.

3.5.1 Consequences Of Withdrawal.

(a) A Withdrawn Partner which has withdrawn from the Partnership after the Commitment Date pursuant to §3.3.4 or §11.3 shall be entitled to receive payment from the Partnership, at a time or times when the Management Committee determines in good faith that such payment may be made without undue hardship to the Partnership or any Partner, of an amount equal to its Capital Account on the date of withdrawal (increased by the amount of any liability paid by such Withdrawn Partner after the date of withdrawal pursuant to §3.5.2), payable either in a lump sum or in installments as determined by the Management Committee, in its sole discretion. To the extent that the Management Committee does not determine to make such a payment, a Withdrawn Partner which has withdrawn from the Partnership after the Commitment Date in

accordance with §3.3.4 or §11.3 shall be entitled only to such amounts as may be distributed pursuant to §11.5. From and after the date of its withdrawal, the Capital Account balance of such a Withdrawn Partner shall be a contingent obligation of the Partnership and be recorded in its Withdrawn Partner Former Capital Account, and the Withdrawn Partner's Capital Account shall be reduced to zero and eliminated.

(b) The rights of a Withdrawn Partner set forth in §3.5.1 (a) shall (i) be subordinate to the rights of any other creditor of the Partnership, (ii) not impair in any way the rights of continuing Partners to receive distributions pursuant to §5, (iii) not include any right on the part of the Withdrawn Partner to receive any interest or other amounts with respect thereto, (iv) not be a personal obligation of any Partner and (v) be paid as provided for in §11.5 in the event of dissolution.

3 5.2 Further Effect. Any Partner that shall have (a) elected to withdraw or been deemed to have withdrawn from the Partnership pursuant to §§2.9.2,

2.9.3, 3.3.4, 11.3 or 11.4 or (b) withdrawn in contravention of this Agreement, shall, have only those rights specifically set forth in this Agreement and such Partner's status as a Partner-shall automatically terminate. Except as provided in §11.2.3, withdrawal by one or more Partners as described in the preceding sentence shall not effect a dissolution of the Partnership A Withdrawn Partner shall remain obligated for all liabilities attributable to its respective interest in the Partnership accruing prior to the date of its withdrawal, including any such liabilities maturing after such withdrawal but originating from actions taken prior thereto; provided, however, that no Withdrawn Partner

shall be obligated for any liability of the Partnership originating from any action taken by the Management Committee on or prior to the Commitment Date, if the Representative of such Withdrawn Partner voted against such action and the Withdrawn Partner promptly thereafter notified the Partnership of its withdrawal from the Partnership in accordance with the provisions of this Agreement.

3.5.3 Consequences Of Withdrawal To Remaining Partners. In the event any Partner shall have withdrawn from

the Partnership or be deemed to have withdrawn from the Partnership pursuant to the provisions of this Agreement, if the Management Committee determines that an amount equal to the whole or any portion of the amount of the Pre-Commitment Date Funds or Capital Contributions which such Withdrawn Partner failed to pay when due or had been requested to pay pursuant to §3.3.1 (which amount shall be herein called the "Defaulted Contribution") should be contributed to the Partnership by remaining Partners in order to meet the cash needs of the Partnership, it shall promptly provide written notice of such determination to each remaining Partner, which notice shall state the amount of the Defaulted Contribution. Each remaining Partner shall have the right to elect (by written notice to the other Partners within ten (10) days of the date of the notice from the Management Committee of the Defaulted Contribution) to contribute any percentage of the Defaulted Contribution not in excess of the percentage determined by dividing the Percentage Interest of such remaining Partner by the sum of the Percentage Interests of all remaining Partners who so elect to contribute a portion of the Defaulted Contribution (any

percentage so elected being hereafter called an "Elected Percentage"); provided, however, that (a) those Partners who so elect to satisfy a portion of the Defaulted Contribution may unanimously agree to allocate the amounts of their contributions among such Partners in a manner other than that provided for in this §3.5.3 and (b) the sum of the Elected Percentages of the Partners who so elect to satisfy the Defaulted Contribution must be 100%. In the event that such Partners do not elect to contribute an amount equal to 100% of the Defaulted Contribution in accordance with the second sentence of this §3.5.3 and the Management Committee does not alter its determination that the cash needs of the Partnership should be met by Pre-Commitment Date Funds or Capital Contributions, then within ten days of the date of a written request therefor from the Management Committee, each Partner shall contribute to the Partnership an amount equal to its pro rata share (based on the ratio of such Partner's Percentage Interest to the sum of the Percentage Interests of all the remaining Partners) of the part of the Defaulted Contribution not otherwise elected by the Partners in accordance with the procedures set forth herein; provided,

however, that nothing herein shall be construed as preventing admission of a new Partner or Partners to the Partnership in accordance with §9 in order to meet the cash needs of the Partnership resulting from the withdrawal of a Partner or Partners. To the extent that any Partner contributes any portion of a Capital Contribution pursuant to this §3.5.3, that Partner's Percentage Interest shall immediately be adjusted to reflect the contribution (due account being given to the contributions of other Partners and the termination of the Withdrawn Partner's status as a Partner).

4 Capital Accounts; Allocation Of Profits And Losses.

4.1 Maintenance of Partners' Capital Accounts. A separate Capital Account for each Partner shall be established with respect to such Partner and maintained throughout the term of the Partnership in accordance with Regulations §1.704-1 as follows:

4 .1.1 The Capital Account of each Partner shall (i) be credited with the amount of cash and the fair market value, as determined by the Management Committee, in writing, or in accordance with §3.1.3, as the case may be, of any property contributed to the Partnership by such Partner, and with any income and gain allocated to such Partner

pursuant to this Agreement, and (ii) be debited with the amount of cash and the fair market value, as determined by the Management Committee as aforesaid, of any property distributed to such Partner by the Partnership, and with any deductions and losses allocated to such Partner pursuant to this Agreement.

4.1.2 In the event any interest in the Partnership is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account, if any, of the transferor to the extent it related to the transferred interest.

4.2 Tax Allocation. All income, gain, loss, deduction or credits of the Partnership shall be allocated between the Partners in accordance with their respective Percentage Interests in the Partnership. The determination of each Partner's distributive share of any Partnership income, gain, loss, deduction, credits and tax preference items shall be made in accordance with and in proportion to such Partner's Percentage Interest as of the date of allocation, except as otherwise provided in this §4. Such allocations shall be made for each calendar month based upon the average of each Partner's daily Percentage Interest during such

month. The provisions of Section 704(c) of the Code shall apply to contributed property for the purpose of computing gain or loss and for other purposes to the extent required by future tax regulations. These allocations are subject to retroactive adjustments resulting from any changes in Capital Accounts pursuant to FERC or other governmental order. Net income or net losses, determined in accordance with Regulations §1.704-1, from the sale of Partnership assets, including gains attributable only to prior depreciation deductions, shall be allocated to the Partners in proportion to the Partners' respective Percentage Interests during the period in which such appreciation or depreciation in value took place or during the period such depreciation deductions were taken. For purposes of determining the period during which such appreciation or depreciation in value took place and the amount of such appreciation or depreciation, the values assigned to total Partnership capital at the time of admitting any Additional Partner or at the time of any Capital Contribution by an existing Partner which is not in proportion to the Partners' then existing

Percentage Interests, shall be used and shall be controlling.

4.3 Special Tax Allocations. The following special allocations shall, except as otherwise provided, be made in the following order:

4.3.1 Minimum Gain Chargeback. Notwithstanding any other provision of this §4, if there is a net decrease in Partnership Minimum Gain during any Partnership fiscal year, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to the portion of such Partner's share of the net decrease in Partnership Minimum Gain, determined in accordance with Regulations §1.704-2 (g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with §1.704-2 (f) (6) of the Regulations. This §4.3.1 is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith.

4.3.2 Partner Nonrecourse Debt Minimum Gain Chargeback. Notwithstanding any other provision of this §4

except this §4.3.2, if there is a net decrease in Partner Nonrecourse Debt Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership fiscal year, each Partner which has a share of the Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Section 1.704-2 (i) (5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to the portion of such Partner's share of the net decrease in Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations §1.704-2 (i). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with §1.704-2 (i) (4) of the Regulations. This §4.3.2 is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith.

4.3.3 Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year or other period shall, be specially

allocated to the Partners in accordance with their respective Percentage Interests.

4.3.4 Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any fiscal year or other period shall be specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Regulations §1.704-2 (i) (1).

4.3.5 Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Sections 734(b) or 743(b) is required, pursuant to Regulations §1.704-1(b) (2) (iv) (m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

4.4 Curative Allocations. Any special allocation of items pursuant to §4.3, other than §4.3.5, shall be

taken into account under §4.2 in computing allocations of gain or loss on each sale of Partnership assets or an interest therein so that the net amount of income, gains, losses or deductions and all other items allocated to each Partner pursuant to this §4 shall, to the extent possible, be equal to the net amount that would have been allocated to each Partner if the above specified special allocations had not been made. In addition, the Management Committee shall have reasonable discretion, on behalf of the Partnership, to seek a waiver of the Minimum Gain Chargeback or the Partner Nonrecourse Debt Minimum Gain Chargeback from the Commissioner of the Internal Revenue Service to the extent permitted by §1.704-2 (f) (4) of the Regulations. The Partners are aware of the income tax consequences of the allocations made by this §4 and hereby agree to be bound by the provisions of this §4 in reporting their shares of the Partnership income or loss for income tax purposes.

5. Distributions. Subject to the requisite approval in accordance with §7.2.6, and except as otherwise expressly provided in this Agreement, distributions to the Partners shall be made only to all Partners (other than a Defaulting Partner)

simultaneously in proportion to their respective Percentage Interests (at the time the amounts of such distributions are determined) and in such aggregate amounts and at such times as shall be determined by the Management Committee; provided, however, that if for any fiscal year the Partnership shall have earned a net profit, as determined under Required Accounting Practice, then such net profit shall be distributed out of available cash (unless the Management Committee, by 60% Vote, determines otherwise, or unless such cash is required for operations, or unless such distribution would violate, or result in a default under any agreement of the Partnership or applicable law) within sixty (60) days following the end of such fiscal year to the Partners in proportion to their respective Percentage Interest at the time the amount of such distribution is determined. All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment or distribution to the Partnership or the Partners shall be treated as amounts distributed to the Partners pursuant to this §5 for all purposes under this Agreement. The Management Committee shall allocate any such amounts among the Partners in a manner that is in accordance with applicable law.

6. Accounting And Taxation.

6.1 Fiscal Year. The fiscal year of the Partnership shall be the calendar year.

6.2 Location Of Records. The books of account for the Partnership shall be kept and maintained at such place as the Management Committee shall determine.

6.3 Books of Account. The books of account for the Partnership shall be:

6.3.1 Maintained on an accrual basis in accordance with Required Accounting Practice; and

6.3.2 Audited by the Certified Public Accountants at the end of each fiscal year.

6.4 Annual Financial Statements And Tax Information. As soon as practicable following the end of each fiscal year of the Partnership, the Management Committee shall cause to be prepared and delivered to each Partner:

6.4.1 A profit and loss statement and a statement of changes in financial position for such fiscal year, a balance sheet and a statement of each Partner’s Capital Account as of the end of such fiscal year, together with a report thereon of the Certified Public Accountants; and

6.4.2 Such Federal, state and local income tax returns and such other accounting, tax information and schedules as shall be necessary for the preparation by each Partner of its income tax return for such fiscal year on or before three (3) months plus fifteen (15) days after the end of each fiscal year.

6.5 Interim Financial Statements. As soon as practicable after the end of each calendar month, and in any event not later than thirty (30) days thereafter, the Management Committee shall cause to be prepared and delivered to each Partner, with an appropriate certificate of the Person authorized to prepare the same:

6.5.1 A profit and loss statement and a statement of changes in financial position for such month (including sufficient information to permit the Partners to calculate their tax accruals), for the

portion of the fiscal year then ended and for the twelve-month period then ended;

6.5.2 A balance sheet and a statement of each Partner’s Capital Account as of the end of such month; and

6.5.3 A statement comparing the actual financial status and results of the Partnership as of the end of or for such month and the portion of the fiscal year then ended with the budgeted or forecasted status and results as of the end of or for such respective periods.

6.6 Taxation. The Parties intend that the Partnership shall be treated as a “partnership” for all purposes. The Partners agree to take all actions and execute and deliver such other documents as is necessary and appropriate, including an amendment to this Agreement, to qualify and maintain the Partnership as a partnership for tax purposes. The Partnership’s state and Federal income tax returns shall be approved by the Partners. Unless otherwise agreed in writing by the Partners or the Code or other applicable law does not allow such elections, the following elections shall be made in preparing Partnership income tax returns and other returns for taxes measured by income:

(a) To adopt the calendar year as the taxable year of the Partnership;

(b) To adopt the accrual method of accounting;

(c) To use the minimum accelerated depreciation method and shortest permissible life authorized for the computation of depreciation;

(d) To expense research and experimental expenditures;

(e) To adopt the LIFO method for valuation of inventories;

(f) To amortize leasehold, start-up and organization expenses over the shortest period allowable; and

(g) Such other elections as shall maximize and accelerate all available deductions and defer and minimize the recognition of taxable income.

6.7 Governmental Reports. Under the direction of the Management Committee, the Partnership shall prepare and file, or cause to be prepared and filed, all reports prescribed by FERC and any other commission or governmental agency having jurisdiction.

6.8 Record Retention. The Management Committee shall cause all records that are required hereunder or

under any agreement entered into pursuant to this agreement to be retained for the longer of that period of time required by any applicable law, or the period of seven years from the date of completion of the activity to which such records relate, or for a reasonable period of time thereafter if so required by a Partner by written notice given to the Management Committee prior to the expiration of such seven year period.

6.9 Inspection Of Facilities And Records. Each Partner shall have the right at all reasonable times during usual business hours to inspect any property and facilities of the Partnership, including the Facilities, and to audit, examine and make copies of the books of account and other records of the Partnership. Such right may be exercised through any agent or employee of such Partner designated in writing by it or by an independent public accountant, petroleum engineer, attorney or other consultant so designated. The Partner making the request shall bear all costs and expenses incurred in any inspection, examination or audit made at such Partner's behest and shall cause any of its agents, employees or consultants who will conduct such inspection, examination or audit to execute at

any other Partner's request a confidentiality agreement containing confidentiality obligations no more or less extensive than those set forth in §13.12 hereof.

6.10 Deposit And Withdrawal Of Funds. Funds of the Partnership shall be deposited in such banks or other depositories as shall be designated from time to time by 60% Vote of the Management Committee. All withdrawals from any such depository shall be made only as authorized by the Management Committee and shall be made only by check, wire transfer, debit memorandum or other written instruction.

6.11 Return Preparation. The Partnership's tax returns and reports shall be prepared by the Tax Matters Partner (as defined in §6.12, below), and the Tax Matters Partner shall use its best efforts in the preparation and filing of such returns and reports. The Partners shall furnish the Tax Matters Partner with any information necessary to prepare such returns and reports and the Tax Matters Partner shall submit copies of such returns and reports to the Partners at least fourteen (14) Days in advance of their due date, as extended, to permit review and approval.

6.12 Partnership Level Tax Audits. NGDC is hereby designated the tax matters partner for the Partnership pursuant to Section 6231 (a) (7) of the Code (the "Tax Matters Partner"). The Tax Matters Partner shall inform the other Partners of all matters which may come to its attention in its capacity as Tax Matters Partner by giving the other Partners notice thereof within ten (10) days after becoming informed. The duties of the Tax Matters Partner and all of the Partners individually with respect to tax matters shall be as follows; provided, however, that nothing herein shall prevent any Partner, including the Tax Matters Partner, from taking in its individual capacity any action which is left to the determination of an individual Partner under Sections 6221 through 6233 of the Code:

(a) The Partners shall furnish the Tax Matters Partner with such information, including, without limitation, information specified in Section 6230 (e) of the Code, as it may reasonably request to permit the Tax Matters Partner to provide the Internal Revenue Service with sufficient information to allow proper notice to the Partners in accordance

with Section 6223 of the Code. The Partners shall also furnish to each other copies of all correspondence with the Internal Revenue Service or the Department of the Treasury regarding any aspect of Partnership items or the Partnership tax return.

(b) No Partner shall knowingly treat a partnership item on its federal income tax return in a manner inconsistent with the treatment of such partnership item on the Partnership's federal income tax return without first giving reasonable advance notice of such intended action (including the proposed treatment of such partnership item) to the other Partners.

(c) The Tax Matters Partner shall not enter into any extension of the period of limitations as provided under Section 6229 of the Code except with the prior written consent of all of the Partners.

(d) No Partner shall file, pursuant to Section 6227 of the Code, a request for an administrative adjustment of partnership items for any Partnership taxable year without first giving reasonable advance notice to all other Partners. If all of the Partners agree with

the requested adjustment, the Tax Matters Partner shall file the request for administrative adjustment on behalf of the Partnership. If all of the Partners do not agree with the requested adjustment within thirty (30) days after notice to the Partners, or within the period required to timely file the request for administrative adjustment, if shorter, any Partner, including the Tax Matters Partner, may file a request for administrative adjustment on its own behalf.

(e) Any Partner intending to file a petition under any Section of the Code, including, without limitation, Sections 6226 and 6228 thereof, with respect to any tax matters involving the Partnership, including, without limitation, any matter with respect to a Partnership item, shall give reasonable advance notice to the other Partners of such intention and the nature of the contemplated proceeding. In the case where the Tax Matters Partner is the Partner intending to file such petition, such notice shall be given within a reasonable time to allow the other Partners to participate in the choosing of the forum in which such

petition will be filed. If the Partners do not agree on the appropriate forum, then the appropriate forum shall be chosen by the Management Committee. If any Partner intends to seek review of any court decision rendered as a result of a proceeding instituted under this §6.12, such Partner shall notify all of the other Partners of such intended action.

(f) The Tax Matters Partner and the other Partners shall not enter into settlement negotiations with respect to the tax treatment of partnership items without first giving reasonable advance notice of such intended action (including any proposal for settlement) to the other Partners. The Tax Matters Partner shall not bind any other Partner to a settlement agreement without obtaining the written concurrence of any such Partner. Any other Partner who enters into a settlement agreement with the Internal Revenue Service or the Secretary of the Treasury with respect to any partnership items, as defined in Section 6231 (a) (3) of the Code, shall notify the other Partners of such settlement agreement and its terms within ninety (90) days from the date of

settlement; provided, that such Partner shall not enter into any settlement agreement which binds or purports to bind the Partnership or the other Partners.

(g) The Tax Matters Partner shall have the right to engage on behalf of the Partnership legal counsel, certified public accountants, or other experts without the prior written consent of the other Partners. Any reasonable item of expense with respect to such matters, including but not limited to fees and expenses for legal counsel, certified public accountants, and others which the Tax Matters Partner incurs in connection with any Partnership level audit, assessment, litigation, or other proceedings regarding any partnership item, shall be borne by the Partnership. The Tax Matters Partner shall not be liable for any neglect, omission or action taken by or attributable to any such expert provided reasonable care was executed by the Tax Matters Partner in the selection of such expert.

(h) The provisions of this §6.12, including but not limited to the obligation to pay fees and

expenses contained in subsection (g), shall survive the termination of this Agreement, the Partnership or the termination of any Partner's interest in the Partnership and shall remain binding on the Partners for a period of time necessary to resolve with the Internal Revenue Service or the Department of the Treasury any and all matters regarding the federal income taxation of the Partnership for the applicable tax year.

(i) The provisions of this §6.12 shall apply for state income tax purposes (and for other taxes computed with respect to income) to the extent rules similar to Code Sections 6221 through 6233 are applicable to such taxes.

(j) The Tax Matters Partner shall not be liable to any Partner for any action taken by or attributable to the Tax Matters Partner, except for any liability arising out of its gross negligence or willful misconduct.

7. Management Of The Partnership.

7.1 General Management Structure.

7.1.1 The management policies of the Partnership shall be established by the Management Committee in accordance with this Agreement which, except as

otherwise provided in this Agreement, shall have exclusive authority with respect to the affairs of the Partnership. Except as specified in the Operating Agreement, no Partner shall have authority to act for, or assume any obligation or responsibility on behalf of, the Partnership without the prior written approval of the Management Committee.

7.1.2 The day to day management of the affairs of the Partnership, including maintenance of the financial and other records and books of account of the Partnership, supervision of construction of the Facilities, and activities reasonably related thereto, shall be subject to the supervision of the Management Committee. The Management Committee may delegate to such Persons as it determines to be appropriate, which Persons may be Partners or Affiliates of Partners, such responsibility for the management of the Partnership as it determines to be appropriate from time to time.

7.2 Management Committee.

7.2.1 The members of the Management Committee shall consist of one Representative of each Partner designated from time to time by such Partner by written notice to each other Partner and the

Partnership. By like notice, each Partner may designate one or more Alternate Representatives (the “Alternate Representatives”) who shall have authority to act in the absence of its Representative. Any Partner may at any time, by written notice to all other Partners and to the Partnership, remove its Representative or any Alternate Representative(s) on the Management Committee and designate a new Representative or Alternate Representative(s). Each Representative shall serve on the Management Committee until his successor shall be duly appointed or until his death, resignation or removal by the Partner which appointed him. Any action taken by the Partnership in compliance with the direction of the Management Committee pursuant to its authority hereunder shall be binding on the Partnership and each Partner, whether such direction was approved by the regular members of the Management Committee in accordance with the provisions hereof or one or more of the Alternate Representatives(s), and the participation and acts (including the execution of any documents) by any Alternate Representative of a Partner shall be deemed to be the act of the Representative for which such Alternate Representative is acting

without, in the case of any written document, any evidence of the absence or unavailability of such Representative.

7.2.2 The Management Committee shall elect a Chairman from among its members by Majority Vote and appoint a Secretary of the Management Committee who shall not be required to be a Representative or Alternate Representative of a Partner.

7.2.3 The Chairman shall preside at all meetings of the Management Committee, which shall meet at least quarterly subject to less frequent meetings upon approval of the Management Committee by 60% Vote. Notice of and an agenda for all Management Committee meetings shall be provided by the Chairman or his designee to all Representatives at least ten (10) days prior to the date of such meetings. Special meetings of the Management Committee may be called at such times and places, and in such manner, as any Partner deems necessary. Any Partner calling for any such special meeting or for any other meeting of the Partnership shall notify the Chairman and all other Representatives or Partners, as appropriate, of the date and agenda for such meeting(s) at least ten (10) days prior to the date of such meetings. Partners, members of

the Management Committee, or any committee designated by the Management Committee, may participate in any meeting of Partners, the Management Committee or any such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all Persons participating in the meeting can hear one another. Any action required or permitted to be taken at any meeting of Partners, the Management Committee, or of any committee thereof, may be taken without a meeting if all Partners, members of the Management Committee or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Partners, Management Committee or committee. Written minutes of all meetings and the record of all actions by written approval or written consent shall be prepared by the Secretary of the Management Committee and a copy thereof shall be submitted to each member of the Management Committee not more than thirty (30) days following each meeting or the execution of a written approval or written consent. At the immediately following meeting of the Management Committee, any minutes of a meeting shall be unanimously approved or revised

and unanimously approved by the Management Committee as appropriate. Once approved by the Management Committee and signed by the duly designated Chairman and Secretary thereof, the minutes shall be prima facie evidence of all facts purporting to be thereby stated.

7.2.4 The Management Committee may, by 60% Vote, create such committees as it may deem necessary or appropriate, to be comprised of Representatives of the Partners, provided that the Management Committee shall retain decisional power over any subject matter delegated to the said created committees for study or consultation.

7.2.5 Except as otherwise provided by this Agreement, the Management Committee shall act by Majority Vote.

7.2.6 The approval of the Management Committee by 60% Vote shall be necessary as provided elsewhere in this Agreement and before any of the following actions can be taken on behalf of the Partnership:

(a) Establishment of the initial size, design and location of the Facilities and any material changes thereto;

(b) Determination, from time to time, of the Estimated Cost of the Facilities;

(c) Establishment of the development, construction and operating budgets for the Facilities;

(d) Execution of interim financing agreements and commitments relating to the Facilities and any amendments thereto;

(e) Timing and amounts of Capital Contributions;

(f) Selection and retention of counsel and the Certified Public Accountants;

(g) Admission of substitute Partners in accordance with §9.1.1;

(h) Filing of the Partnership's tariff, or any amendment thereto, relating to the Facilities, with FERC;

(i) Filing of all applications by the Partnership for Necessary Regulatory Approvals and other governmental or regulatory approvals, or any amendments to such applications, or any applications for amendments to such Necessary Regulatory Approvals or other approvals;

(j) Approval of the form and content of the Operating Agreement contemplated by §7.5 hereof; and

(k) Any change in the authority and responsibility delegated to the Operator;

(l) Selection of a successor Operator, if such becomes necessary;

(m) Determination of the form and content of any Gas Transportation Contract or any Precedent Agreement with respect thereto, approval of the entering into of any such Gas Transportation Contract or Precedent Agreement, and approval of any amendment or termination of any such Gas Transportation Contract, Precedent Agreement or any successor agreement thereto;

(n) Execution of any material Lease and any related agreements and any amendments thereto and execution of any contracts for the acquisition or disposal of rights-of-way, servitudes, easements, leases and real property necessary for the construction, operation and maintenance of the Facilities;

(o) Execution of permanent financing agreements and commitments relating to the Facilities and any amendments thereto;

(p) Timing and amounts of distributions to Partners pursuant to §5;

(q) Payment by the Partnership of any amounts to a Withdrawn Partner pursuant to this Agreement;

(r) Any change in the authority and responsibility delegated in this Agreement to any committee;

(s) Acceptance of any Necessary Regulatory Approvals and of any Additional Necessary Regulatory Approvals and amendments thereto which are granted after the Commitment Date, if the terms of such approvals and/or amendments thereto vary materially from the authorization(s) sought in the related regulatory application(s); and

(t) Any other action for which the approval of the Management Committee by 60% Vote is expressly required by this Agreement.

7.2.7 Without modification of its general authority under §7.1.l, the Management Committee is hereby specifically authorized to initiate and make any eminent domain takings permitted by state or Federal law and required for the construction, operation and maintenance of the Facilities, and the Partners agree to join in any such takings to the extent permitted or required by Federal or state law.

7.3 Audit Committee.

7.3.1 An audit committee shall be formed which shall consist of a Representative and an alternate

Representative designated by each Partner. The Management Committee shall designate one member of the audit committee to serve as chairman of the audit committee; provided, however, that the chairman of the audit committee shall not be an officer, director, employee of or otherwise affiliated with, the Operator, Decisions of the audit committee shall be by Majority Vote of the members. Each member shall serve on the audit committee until his successor shall be duly appointed or until his death, resignation or removal by the Partner which appointed him.

7.3.2 The audit committee shall meet quarterly subject to less frequent meetings upon approval by 60% Vote of the members of the audit committee, and at such other times as called by its chairman. The chairman of the audit committee shall designate the time, place and the manner of all audit committee meetings. Written minutes of all meetings and the record of all actions by written approval or written consent shall be prepared by the secretary of the audit committee (who shall be appointed by the chairman thereof) and a copy thereof shall be submitted to each member of the audit committee not more than thirty (30) days following each meeting

At the immediately following meeting of the audit committee, any minutes of a meeting shall be approved or revised and approved by the audit committee as appropriate. Once approved by the audit committee and signed by the duly designated chairman and secretary thereof, the minutes shall be prima facie evidence of all facts purporting to be thereby stated.

7.3.3 The audit committee shall, on behalf of the Partnership:

(a) Consult with internal and external auditors;

(b) Review and monitor the internal audit coverage and plans for coverage;

(c) Analyze and approve internal audit operating philosophies and strategies;

(d) Review the results of all financial audits; and

(e) Review the results of all recommendations for corrective action.

7.3.4 The audit committee shall report to the Management Committee at such times and places as the Management Committee deems advisable.

7.4 Design And Construction Of The Facilities. The Management Committee may cause the Partnership to enter into such service contracts and other

agreements as it shall deem appropriate with any Person including, without limitation, any Partner or Affiliate of any Partner for the planning, design and construction of the Facilities.

7.5 Operation Of The Facilities. The initial Operator of the Facilities, which may be a Partner or an Affiliate of a Partner, shall be selected by the Management Committee by a 60% Vote on or prior to the Commitment Date. The Operating Agreement with the Operator shall be consistent with the provisions of this Agreement. The Management Committee may, by 60% Vote, at any time agree to an amendment to such Operating Agreement or, in the event that such Operating Agreement is terminated pursuant to the terms thereof or the Operator is removed, select a new Operator or Operators or otherwise provide for the operation of the Facilities.

7.6 Right to Vote. Each Partner, and each Partner's Representatives, shall have the right to vote on all matters requiring a vote hereunder of the Partners or their Representatives, except as otherwise specifically provided herein with respect to Withdrawn Partners and Defaulting Partners, and except as provided hereafter. If a matter to be

voted upon by the Partners or their Representatives concerns the entry into, renewal, amendment, termination or performance of any contract or transaction for the provision of goods and services to or by or from, or the use of property by, the Partnership, and a Partner, or any Affiliate of a Partner, is a party thereto, then such Partner and such Partner's Representatives shall not be eligible to vote thereon. However, the preceding sentence shall not preclude a Partner from voting on matters related to the tariff, Precedent Agreements, Gas Transportation Contracts and all other matters generally applicable to all Shippers even though that Partner, or an Affiliate of that Partner, is a Shipper.

7.7 Limitation Of Authority. The Management Committee, the committees appointed as provided in §§7.2.4 and 7.3, and the Operator shall not have authority to take any action inconsistent with the terms of this Agreement.

7.8 Indemnification.

7.8.1 The Partnership shall indemnify and save harmless the members of the Management Committee, the members of any committee appointed as provided in §§ 7.2.4 and 7.3 and the Operator against all

actions, claims, demands, costs and liabilities arising out of the acts (or failure to act) of such Persons within the scope of their authority in the course of the Partnership's business except any acts or failures to act which constitute gross negligence or willful misconduct, and such Persons shall not be liable for any obligations, liabilities or commitments incurred by or on behalf of the Partnership as a result of any such acts (or failure to act) in the absence of gross negligence or willful misconduct.

7.8.2 The Partnership shall indemnify and hold each of TCPL, East Coast and their Affiliates harmless from and against any and all claims, demands, actions, causes of action, suits, damages, liabilities, fines, penalties, or other remedies whatsoever, known or unknown, based on contract, tort or otherwise, in law or in equity, arising out of, or in any way related to, any act or omission of the Partnership or of any other Partner and their respective Affiliates, employees and agents occurring prior to the date hereof, but only if notice of such indemnified event is given before this indemnification expires pursuant to the provisions of §7.8.3.

7.8.3 The indemnity contained in Section 7.8.2 shall terminate and be of no further force and effect with respect to such Partner on the date that is the earlier of (i) the date on which TCPL or East Coast, as the case may be, notifies the Partnership that such Partner has completed its due diligence review of the Partnership to its satisfaction, or (ii) March 31, 1996; provided, however, that the indemnity contained in § 7.8.2 shall not terminate but shall survive and continue as to TCPL or East Coast, as the case may be, if such Partner withdraws from the Partnership prior to the earlier of the dates described in (i) or (ii) herein.

7.8.4 Notwithstanding anything in this Agreement to the contrary, TCPL or East Coast, as the case may be, shall look solely to the assets of the Partnership, and not have the right to proceed against any of the Partners individually for any amount (s) indemnified by the Partnership pursuant to §7.8.2.

7.9 Other Positions Or Representations. Any member of the Management Committee and the committees provided for in §§7.2.4 and 7.3 may also be an officer, director or employee of a Partner or one or more Affiliates of a Partner.

8 Limitation Of Liabilities.

8.1 Limitation On Liability Of Partners. Subject to the provisions of applicable law, no Partner shall be liable to third Persons for Partnership losses, deficits, liabilities or obligations, except as otherwise expressly agreed to in writing by such Partner, unless the assets of the Partnership shall first be exhausted.

8.2 Limitation Of Authority Of Partners. Except as specified in the Operating Agreement, no Partner shall have the authority to act for, or assume any obligation or responsibility on behalf of, any other Partner, without the prior written approval of such other Partner.

8.3 Cross Indemnification. Each Partner (for purposes of this §8.3, the "indemnitor") shall indemnify and hold harmless each other Partner, the Partnership and the Affiliates, directors, officers, partners (other than the Partners to this Agreement), employees, agents and representatives of each such other Partner for purposes of this §8.3, collectively the "indemnitees") from and against any costs, losses, claims, damages and liabilities arising out of any act of the indemnitor or any of its Affiliates, directors, officers, partners

(other than the Partners to this Agreement), employees, agents or representatives undertaken so as to bind the indemnitees, or which has the effect of making the indemnitees liable without their consent, or arising out of any assumption of any obligation or responsibility by the indemnitor or any of its Affiliates, directors, officers, partners (other than the Partners to this Agreement), employees, agents or representatives undertaken so as to bind the indemnitees, or which has the effect of making the indemnitees liable without their consent (including, without limitation, sales or other acts entirely on its part which may give rise to product liability claims); provided, however, that this §8.3 shall have no application with respect to any actions taken (a) on behalf of the Partnership by, or on behalf of, the Management Committee in conformance with this Agreement, (b) on behalf of one Partner by another Partner in conformance with this Agreement or (c) by, or on behalf of, the Operator in conformance with the Operating Agreement.

8.4 Right of Partner to Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement

provided for in §8.3 is for any reason held to be unavailable to a Partner, then each Partner shall contribute to the damages incurred by any indemnitee named in §8.3 in the proportion that the contributing Partner's Percentage Interest in the Partnership bears to the Percentage Interests of all contributing Partners. The Partners' obligations to contribute hereunder are several and not joint.

8.5 Third Party Contracts. No contract, lease, sublease, note, loan agreement, deed of trust or other obligation on behalf of the Partnership which is material to the Partnership shall be entered into unless there is contained therein an appropriate provision limiting the claims of all parties to such instruments and other beneficiaries thereunder to the assets of the Partnership and expressly waiving any rights of such parties and other beneficiaries to proceed against the Partners individually; provided, however, that the exclusion of such a provision from any such instrument may be authorized by a 60% Vote of the Management Committee.

9. Transfer Or Pledge Of Partnership Interests; Admission of New Partners.

9.1 Limitation On Right To Transfer Partner's Interest.

9.1.1 Subject to (i) the right of first offer provided for in §§9.1.2 and 9.1.3, (ii) the prior approval of the Management Committee (which shall not be unreasonably withheld) as set forth in this §9.1.1, and (iii) the satisfaction of the requirements set forth in §9.1.4, a Partner ("Transferring Partner") may sell, assign or otherwise transfer all or any part of its Percentage Interest to any other Person or Persons (including, without limitation, a Partner) ("Transferee"). The Management Committee's approval may not be withheld unless it is determined by a 60% Vote that the transfer of the interest will adversely affect the financial and operating integrity of the Partnership. No such approval for transfer of all or part of the Percentage Interest of a Partner shall release the Transferring Partner from Partnership obligations accrued during the period the Transferring Partner was a Partner except upon the unanimous approval of the remaining Partners. The Management Committee may pre-approve the transfer by a Partner to another entity (a "Pre-Approved Transfer") of all

or any part of the Partner's Percentage Interest, subject to the full satisfaction of the requirements set forth in §§ 9.1.2 through 9.1.4.

9.1.2 Any Partner which seeks to transfer all or part of its Percentage Interest (the portion to be transferred being hereinafter referred to as a "Transferred Interest") to any other Person or Persons (including, without limitation, a Partner) shall first make an offer in writing to all of the other Partners specifying the Transferred Interest sought to be sold by it and all the terms and conditions on which the Transferred Interest is offered, including the amount and form of the purchase price and the terms of payment. The Partners other than the Transferring Partner shall have a right, exercisable within thirty (30) days of receipt of such offer, to purchase the Transferred Interest on a pro-rata basis (determined by dividing each such Partner's Percentage Interest by the sum of the Percentage Interests of all of the Partners other than the Transferring Partner) on the terms and conditions offered by the Transferring Partner. If any such Partner does not elect to purchase its full pro-rata share of the Transferred Interest in such

first election round, additional election rounds shall be conducted until either (a) the Partners which elect to purchase any portion of the Transferred Interest collectively elect to purchase one hundred percent (100%) of the Transferred Interest, or (b) no Partner elects to purchase a remaining portion of the Transferred Interest. Any Partner which does not elect to purchase its full pro rata share in an election round shall not be eligible to participate in subsequent election rounds; for purposes of each additional election round, the "pro-rata" share of each Partner shall be equal to a fraction, the numerator of which is the percentage of the Transferred Interest which such Partner has previously elected to purchase, and the denominator of which is the aggregate percentage of the Transferred Interest previously elected by all Partners which have previously elected to purchase their full pro-rata shares available to them in previous election rounds. The Transferring Partner shall provide each Partner written notice of the aggregate portion of the Transferred Interest elected within seven days of the conclusion of the first election round and each successive election round, and each Partner shall

have ten days from receipt of such written notice to elect to purchase any remaining portion of the Transferred Interest to which it is entitled under this §9.1.2. Notwithstanding the foregoing provisions for additional election rounds, the Partners which elect in the first election round to purchase any portion of their respective pro-rata shares of the Transferred Interest may allocate the purchase of the Transferred Interest among such Partners, provided that such Partners collectively agree to purchase one hundred percent (100%) of the Transferred Interest. In the event that Partners commit to purchase the Transferred Interest in accordance with this §9.1.2, the transfer shall promptly be effectuated upon satisfaction of the conditions set forth in §9.3.

9.1.3 If the Partners other than the Transferring Partner have not elected to purchase the entire Transferred Interest after compliance with the procedures specified in §9.1.2 and if the Management Committee has given its approval of a proposed transferee (a "Transferee") as specified in §9.1.1, the Transferring Partner shall thereafter be free to sell all (but not less than all) of the Transferred Interest to a Transferee on terms and conditions no

more favorable to the prospective purchaser than offered by the Transferring Partner in its notice to the other Partners in accordance with §9.1.2, provided that prior to effecting such sale the Transferring Partner shall give written notice thereof to all the other Partners describing all terms and conditions on which the Transferred Interest is to be sold, including the amount and form of the purchase price and the terms of payment. During a period of seven (7) days following the date of the Transferring Partner's notice in accordance with the preceding sentence, any other Partner may object to the proposed sale, but only on the ground that the terms and conditions thereof are more favorable to the prospective purchaser than offered by the Transferring Partner in its notice to the other Partners in accordance with §9.1.2, by giving written notice of such objection to the Transferring Partner. In the event of any such objection, the proposed sale shall not be consummated unless such objection shall have been resolved.

9.1.4 Each transfer of a Transferred Interest pursuant to §9.1.3 and the related admission to the Partnership

of a substitute Partner shall be subject to the performance and satisfaction of the following conditions in full as reasonably determined by the Management Committee:

(i) The Transferee shall have executed and delivered to the Management Committee a written assignment in form and substance satisfactory to the Management Committee setting forth the intention of the Transferring Partner and the Transferee that the Transferee become a substituted Partner in its place to the extent of the Transferred Interest.

(ii) The Transferee shall have assumed by operation of law or by express agreement with the Partnership (in form and substance satisfactory to the Management Committee) all of the obligations of the Transferring Partner under this Agreement to the extent of the Transferred Interest

(iii) The Transferring Partner and the Transferee shall have executed and acknowledged such other instruments (in form and substance satisfactory to the Management Committee) as

reasonably necessary to effect such substitution.

(iv) Prior to substitution, the Transferring Partner and/or the Transferee shall have paid all expenses, including attorneys' fees, incurred by the Partnership in connection with such substitution.

(v) An opinion of counsel to the Transferee, which counsel shall be reasonably acceptable to the Management Committee (in form and substance satisfactory to the Management Committee) shall have been furnished to the Partnership stating that, in the opinion of such counsel, such substitution will not (a) cause the Partnership to be classified other than as a partnership for Federal income tax purposes; (b) cause a termination of the Partnership for Federal income tax purposes; (c) cause the Partnership to become a "Publicly Traded Partnership" or the Percentage Interests to be considered to be "publicly traded," within the meaning of Section 7704 of the Code; (d) violate, or cause the Partnership to violate, any applicable law or governmental rule or regulation, including, without limitation, any

applicable federal or state securities law; or (e) cause the Partnership, the Partners or any Affiliate to be required to register as a public utility holding company, or otherwise to become subject to regulation, under the Holding Company Act.

9.1.5 If the transfer of the Transferred Interest to a Transferee in accordance with §9.1.3 is not consummated within six (6) months after the expiration of the last election round referred to in §9.1.2, above, no transfer by the Transferring Partner to any Person may be made without, again complying with this §9.1.

9.2 Permitted Transfers to Affiliates, Etc. Notwithstanding the foregoing provisions of this §9, the approval, of the Management Committee and compliance with the first offer provisions of §§9.1.2 and 9.1.3 hereof (and in the case of a transaction described in §9.2.3 hereof, the performance and satisfaction of the conditions described in §9.1.4 hereof) shall not be required in connection with:

9.2.1 The transfer by any Partner of all or any part of its Percentage Interest in the Partnership to another entity which is (i) its successor by merger

or consolidation, so long as such merger or consolidation is with an Affiliate of such Partner, or (ii) an Affiliate of such Partner, including, without limitation, a limited partnership of which such Partner is the general partner; or

9.2.2 An assignment, pledge or other transfer creating a security interest in all or a portion of a Partner's Percentage Interest to an assignee, pledgee, mortgagee, trustee or secured party, if such assignment, pledge or transfer creating a security interest is (i) required by the Financing Commitment or (ii) approved by a 60% Vote of the Partners; provided, however, that, except as expressly provided for in §10,

(1) the assignee, pledgee, mortgagee, trustee or secured party shall hold the same subject to all of the terms of this Agreement and (2) such assignee, pledgee, mortgagee, trustee or secured party shall not have any voice in the management of the Partnership as a result of such transfer and shall not become a substituted Partner without the approval of the Management Committee in accordance with §9.1.1.

9.2.3 Any transfer of all or a portion of a Percentage Interest pursuant to a written agreement containing the words, in all capital letters, "THE TRANSFER (S)

OF PERCENTAGE INTERESTS DESCRIBED IN THIS AGREEMENT ARE COVERED BY SECTION 9.2.3 OF THE PORTLAND NATURAL GAS SYSTEM PARTNERSHIP AGREEMENT" (a "Section 9.2.3 Agreement"); provided that, such Section 9.2.3 Agreement is executed by each Person that was a Partner hereunder on the date of execution of such Section 9.2.3 Agreement.

9.3 Certain Limitations on Transferability. Notwithstanding any other provision of this §9, the following additional limitations shall apply to all transfers of Percentage Interests:

9.3.1 No Partner may assign or agree to assign, directly or indirectly, all or any part of its respective Percentage Interest, if the effect of such assignment would be to cause the Partnership, the Partners or any Affiliate to be required to register as a public utility holding company, or otherwise to become subject to regulation under the Holding Company Act;

9.3.2 No Partner may assign or agree to assign, directly or indirectly, all or any part of its respective Percentage Interest, if the effect of such assignment would be to (i) cause the Partnership to be classified other than as a partnership for Federal income tax purposes; (ii) cause a

termination of the Partnership's status as a partnership for Federal income tax purposes; or (iii) cause the Partnership to be considered a "publicly traded partnership" under the Code.

9.3.3 No Partner may assign or agree to assign, directly or indirectly, all or any part of its respective Percentage Interest, if such assignment would be in contravention of any Financing Commitment to which such Partner (or its Affiliate) is a party.

9.4 Prohibited Affiliate Transactions.

9.4.1 Any transaction in which the immediate Parent of any Partner as of the date of this Agreement would cease to own or unconditionally control, directly or indirectly, more than 50% of the capital stock of such Partner having the right to vote on the election of directors of such Partner, shall be deemed to be a transfer of such Partner's Percentage Interest in the Partnership and accordingly shall be subject to the provisions of §§9.1 and 9.3 of this Agreement; provided, however, that the foregoing shall not apply to a transfer of capital stock of a Partner by its Parent to an Affiliate of such Parent, so long as such Affiliate has material assets in addition to the capital stock of the Partner owned by it, and provided that.

the provisions of this §9.4.1 shall thereafter apply to such Affiliate of such Parent; and provided further, that the provisions of this §9.4.1 shall apply to the immediate Parent of any Affiliate of a Partner to which such Partner transfers its Percentage Interest pursuant to §9.2.1(ii) hereof, from and after the effective date of any such transfer.

9.4.2 No portion of the capital stock or any other evidence of equity ownership in a Partner or in any Affiliate of a Partner may be assigned, sold or otherwise transferred, directly or indirectly, to any Person whose ownership thereof would cause the Partnership or any other Partner or Affiliate (other than the Partner or Affiliate the capital stock of which or other evidence of equity ownership in which has been assigned or its Affiliates) to be required to register as a public utility holding company or otherwise to become subject to regulation under the Holding Company Act, nor may any Partner, or any Affiliate of such Partner, acquire any investment in, or undertake any new business activity after the date of this Agreement, which would have such an effect.

9.5 Admission of New Partner. Upon any transfer permitted by this §9, the Transferee shall be automatically admitted as a Partner in substitution for, or in the case of a partial transfer, in addition to, the Transferring Partner, upon execution of a counterpart of this Agreement. In the event of such a transfer before the Commitment Date, the Percentage Interests of the Transferee and Transferring Partner shall be modified to reflect the interest transferred and, in the event of such a transfer after the Commitment Date, the Percentage Interests shall be modified in accordance with §3.1.4. Except as provided in this §9.5, no such sale, assignment, pledge or other transfer shall give rise to a right in any transferee to become a Partner in the Partnership.

9.6 Assignee's Rights. Any purported assignment of a Percentage Interest (or a portion thereof) which is not in compliance with this Agreement is hereby declared to be null and void and of no force or effect whatsoever. The "effective date" of an assignment of a Percentage Interest under the provisions of this §9 shall be the last day of the quarter of the fiscal year of the Partnership in

which the final condition precedent to such assignment has been fulfilled.

9.7 Allocation of Profits, Losses and Distributions Subsequent to Assignment. All income, gain, credit, deduction, profit and loss of the Partnership attributable to any Partner's Percentage Interest acquired by reason of a permitted assignment and any distributions made with respect thereto shall be allocated (i) in respect of the portion of the fiscal year of the Partnership ending on the effective date of the assignment, to the assignor, and (ii) in respect of subsequent periods, to the assignee.

9.8 Admission of Additional Partners/Authority of Management Committee.

(a) Except as otherwise provided in this §9, any Person may be admitted to the Partnership as an Additional Partner upon the unanimous vote of the Management Committee, as reflected in a written resolution signed by each Representative, which resolution shall set forth the terms and conditions of such admission as unanimously agreed to by the Management Committee.

(b) Notwithstanding anything in this Agreement to the contrary, the Management Committee may, by unanimous vote reflected in a written resolution signed by each Representative, modify, amend or waive any of the terms of this §9, including but not limited to the right of first refusal provided in §9.1.2 hereof.

(c) In the event that Interstate exercises its option to acquire up to a five percent (5%) interest in the Partnership under that certain Option Agreement (the "Option Agreement") between Interstate and the Partnership dated as of August 29, 1995, then (i) the Percentage Interests of each of NGDC, Tenneco, Gaz Metro and JMC or their successors (collectively, the "Optionee Partners") shall be reduced in the aggregate by the Percentage Interest issued to Interstate as a result of Interstate's exercise of its option under the Option Agreement, and such reduction shall be allocated among the Optionee Partners in proportion to their respective Percentage Interests (prior to reduction); (ii) any funds received by the Partnership from Interstate

pursuant to Interstate's exercise of its option under the Option Agreement shall be distributed among the Optionee Partners in proportion to their respective Percentage Interests (prior to reduction); and (iii) neither TCPL nor East Coast shall reduce its Percentage Interest in the Partnership in the event that Interstate exercises its option under the Option Agreement, and neither TCPL nor East Coast will be entitled to receive any portion of the amounts received by the Partnership pursuant to the Option Agreement. Subparagraph (iii) shall not apply to the extent that either TCPL or East Coast is a direct or indirect Transferee of an Optionee Partner's Percentage Interest.

9.9 Tax Election. In the event that all or any portion of a Partner's Percentage Interest is transferred with the consent of the Management Committee, or otherwise as permitted by this §9, the Partnership may, but shall not be required to, at the request of the transferee, make an election pursuant to §754 of the Code.

9.10 Effect of Prohibited Transfers. Any transfer of any ownership interest in the Partnership by a

Partner in violation of the terms of this Agreement shall be void and shall not be recognized by the Partnership. Any such transfer shall not cause a dissolution of the partnership but shall result in the loss by the Partner making such transfer of the right to vote with respect to Partnership matters until such Partner shall have rescinded such transfer to the satisfaction of all other Partners; provided, however, that nothing herein shall be deemed to limit any right or remedies that such Partnership or any other Partner may have against such violating Partner.

10. Consent to Assignment By executing and delivering this Agreement, each Partner shall be deemed to have consented to the pledge by each other Partner of all of its Percentage Interest to those financial institutions providing Financing Commitments and to the exercise by such financial institutions of their rights under any such pledge.

11. Termination And Right Of Withdrawal.

11.1 Term Of Partnership. Subject to the other terms and conditions of this Agreement, including, without limitation, the provisions of §11.2, the Partnership and this Agreement shall continue in existence from the Formation Date unless and until terminated in accordance with this §11.

11.2 Automatic Dissolution The Partnership shall be automatically and without notice dissolved upon the happening of any of the following events:

11.2.1 The sale or abandonment of all or substantially all of the Partnership's business and assets; provided, however, that any such sale or abandonment may only be made pursuant to the unanimous written consent of Partners;

11.2.2 Any event which shall make it unlawful for the business of the Partnership to be carried on; or

11.2.3 Any event which, under the partnership law of the State of Maine, requires or results in dissolution of the Partnership.

11.3 Automatic Withdrawal In addition to those instances where withdrawal is permitted or deemed to occur under §§2.9.2, 2.9.3, 3.3.4 or 11.4, a Partner, upon the happening of any of the following events described in this §11.3, shall be deemed to be a Withdrawn Partner, shall have its Capital Account, if any, be recorded in its Withdrawn Partner Former Capital Account, reduced to zero and eliminated, and be entitled to receive payment only as specified in §2.10 (if withdrawal is deemed to have occurred on or before the Commitment Date) or

3.5.1 (if withdrawal is deemed to have occurred after the Commitment Date) of this Agreement;

11.3.1 The entry by a court of competent jurisdiction of a decree or order for relief, unstayed on appeal or otherwise and in effect for ninety (90) days, in respect of such Partner in an involuntary case under the Federal bankruptcy laws, or any such order adjudicating such Partner as bankrupt or insolvent under any other applicable bankruptcy, insolvency or liquidation law;

11.3.2 The entry by a court of competent jurisdiction of a decree or order appointing a receiver, custodian, assignee, trustee, liquidator, sequestrator or other similar official of such Partner or of any substantial part of the property of such Partner, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed on appeal or otherwise and in effect for ninety (90) days, or the commencement by such Partner of a voluntary case under the Federal bankruptcy laws, or under any other bankruptcy or insolvency law, seeking reorganization, liquidation, arrangement, adjustment or composition of such Partner under the bankruptcy laws or any similar statute;

11.3.3 The making by such Partner of an assignment for the benefit of creditors; or the failure of such Partner generally to pay its debts as they become due; or the consenting by such Partner to the appointment of or taking possession by a receiver, assignee, custodian, trustee, liquidator, sequestrator or other similar official of it or of any substantial part of its property, or the taking of corporate or Partnership action by such Partner in furtherance of any such action;

11.3.4 The filing by a Partner for dissolution under the laws of the jurisdiction of its incorporation or the entering of a final order dissolving that Partner by any court of competent jurisdiction; or

11.3.5 Any event (other than an event of the nature specified in §11.2.2) which shall make it unlawful for that Partner to carry on the business of the Partnership in the form of a partnership.

11.4 Other Withdrawals. Except as provided in this §11.4 and in §§2.9.2, 2.9.3, 3.3.4 and 11.3 of this Agreement, or upon the admission of a substitute Partner in accordance with the provisions of §9, no Partner shall be entitled to withdraw from the Partnership from and after the Commitment Date, except upon the unanimous agreement of the

remaining Partners. At any time prior to the Commitment Date, a Partner shall have the right to withdraw from the Partnership by giving notice to all the other Partners, and thereafter (except as provided in §2.10.1, if applicable) the Partnership shall have no further obligation to such Person under this Agreement unless unanimously agreed to by the remaining Partners.

11.5 Winding Up And Liquidation. After the Partnership shall be dissolved pursuant to the provisions of §§11.1 or 11.2, the Management Committee shall continue to exercise its powers under this Agreement for the purpose of winding up the business of the Partnership and liquidating its assets in an orderly manner, but the Partnership shall engage in no new business during the period of such winding up.

11.5.1 If dissolution of the Partnership occurs prior to or on the Commitment Date, the assets of the Partnership remaining after the payment, or provision for payment, of all the liabilities of the Partnership (other than any contingent obligation under §2.10.1 with respect to a Withdrawn Partner) shall be distributed (a) if there is any Withdrawn Partner, to the Partners and

any such Withdrawn Partner(s) in the ratio that the Pre-Commitment Date Funds and Qualified Expenditures advanced by each such Person (as of the date of dissolution) bears to the aggregate of all Pre-Commitment Date Funds and Qualified Expenditures advanced by all Partners and Withdrawn Partners (as of the date of dissolution), but only to the extent of the outstanding balance of Pre-Commitment Date Funds and Qualified Expenditures advanced by each such Person (as of the date of dissolution), or (b) if there is no such Withdrawn Partner, to the Partners in the ratio and to the extent of the Pre-Commitment Date Funds and Qualified Expenditures advanced by each Partner (as of the date of dissolution) and (c) finally, to the extent that there are any assets of the Partnership remaining after the distributions made pursuant to clause (a) or (b) above, to the Partners in accordance with their respective Percentage Interests as of the date

immediately prior to any distribution pursuant to this §11.5.1. For purposes of the application of this §11.5.1, the amount of Pre-Commitment Date Funds and Qualified Expenditures attributable to each Partner or Withdrawn Partner shall be reduced to the extent

that such amounts have been recovered by such Persons through rates or have been taken by such Persons as a deduction for Federal income tax purposes.

11.5.2 If dissolution of the Partnership occurs after the Commitment Date, the assets of the Partnership remaining after the payment, or provision for payment, of all the liabilities of the Partnership (other than any Special Contingent Obligations as hereinafter defined) shall be distributed (a) if there is any Partner who is deemed to have become a Withdrawn Partner after the Commitment Date pursuant to §§3.3.4 or 11.3, to the Partners and any such Withdrawn Partner(s) in the ratio that the Capital Account of each Partner (as of the date of dissolution) or the Withdrawn Partner Former Capital Account of each such Withdrawn Partner bears to the aggregate of (1) all Capital Accounts of the Partners (as of the date of dissolution) and (2) all Withdrawn Partner Former Capital Accounts of any such Withdrawn Partners, but only to the extent of the balance of each Partner's Capital Account (as of the date of dissolution) and each such Withdrawn Partner's Withdrawn Partner Former Capital Account, or (b) if there is no such

Withdrawn Partner, to the Partners in the ratio and to the extent of each Partner's Capital Account and (c) finally, to the extent that there are any assets of the Partnership remaining after the distributions made pursuant to clause (a) or (b) above, to the Partners in accordance with their respective Percentage Interests as of the date immediately prior to any distribution pursuant to this §11.5.2. As used in this §11.5.2, "Special Contingent Obligations" shall mean all contingent obligations of the Partnership with respect to any Withdrawn Partner in the amount of its Withdrawn Partner Former Capital Accounts under §3.5. For purposes of this §11.5.2, if dissolution occurs prior to the date the Facilities are placed in service, Pre-Commitment Date Funds and Qualified Expenditures advanced by a Withdrawn Partner (reduced to the extent that such amounts have been recovered by the Withdrawn Partner through rates or have been taken by such Persons as a deduction for Federal income tax purposes or by payments made to such Withdrawn Partner after its withdrawal pursuant to §3.5.1) shall be treated as, to the extent allowable under §2.10.1, additions to its Withdrawn Partner Former Capital Account.

11.5.3 No termination or dissolution of the Partnership shall relieve a Partner from any obligation accruing or accrued to the date of such termination or dissolution.

11.5.4 No later than the later of (1) the end of the last taxable year of the Partnership in which the liquidation occurs or (2) ninety (90) days following the liquidation date of the Partnership, any Partner whose Capital Account is negative after taking into account all capital account adjustments for the Partnership taxable year during which such liquidation occurs within the meaning of Regulations §1.704-1 (b) (2) (ii) (b) (3), shall contribute the amount by which its Capital Account is negative to the Partnership.

11.6 Continuance of Partnership. Except as provided in §§11.1 and 11.2, it is understood and agreed by each of the Partners that the relationship of partnership among them is intended to continue without interruption until such relationship is either specifically dissolved by unanimous consent of the Partners or by the occurrence of any event specified in §§11.1 or 11.2 as an event of dissolution, and each Partner waives and releases, to the extent permitted by law, its right to

dissolve or obtain dissolution of the Partnership in any other manner or for any other reason. In this connection, the Partners agree and intend that the Partnership shall not be dissolved by the admission of a new Partner pursuant to §9 or by the withdrawal of a Partner from the Partnership. If, notwithstanding the foregoing understanding, agreements and intentions of the Partners, the Partnership may at any time or from time to time be deemed by operation of law and otherwise than pursuant to §§11.1, 11.2.1 or 11.2.2 to be dissolved (for example, upon the bankruptcy or withdrawal of a Partner), each of the Partners hereby covenants and agrees with the other Partners as follows:

11.6.1 The business and affairs of the Partnership shall continue without interruption and be carried out by a new partnership (the "Successor Partnership");

11.6.2 The Partners of the Successor Partnership shall be the Persons who were Partners hereunder at the time of such dissolution other than any Person whose membership in the Partnership shall have been the sole cause of its dissolution;

11.6.3 The Successor Partnership and the Partners thereof shall be governed by the terms of this Agreement as if the Successor Partnership were the Partnership;

11.6.4 Each of the Partners covenants and agrees to execute such further agreements, including (without limitation) notes, novations and accommodations, as may be necessary to continue the business of the Partnership and to protect and perfect any lien or security interest

granted by the Partnership;

11.6.5 Each of the Partners waives and releases, to the full extent it may lawfully do so, all rights to a winding up or liquidation of the business of the Partnership, notwithstanding that the dissolution of the Partnership may be caused wrongfully or otherwise in contravention of this Agreement by such Partner or any other Partner, and further notwithstanding that, at the time of such dissolution, such Partner shall be, or be deemed to be or thereby become, a Withdrawn Partner pursuant to this Agreement; and

11.6.6 As used in this §11.6, the term "Partnership," at any point in time, shall mean the Partnership originally formed pursuant to this Agreement or the Successor Partnership which at such time is

continuing the business and affairs of the Partnership originally so formed.

12. Arbitration

12.1 Optional Arbitration. In the event that the Partners who are parties to a dispute are unable to agree on any matter arising under this Agreement, such Partners may, but shall not be obligated, to have such dispute resolved pursuant to binding arbitration. Any Partner may request binding arbitration of any dispute arising hereunder by giving written notice to each of the other Partners that it wishes to invoke the arbitration provisions of this Agreement. The Partner requesting arbitration shall set forth in such notice in adequate detail the issues to be arbitrated, and within ten days from receipt of such notice any other Partner may set forth in adequate detail additional related issues to be arbitrated. If arbitration is requested by any Partner, and agreed to by the other Partners which are party to the matter in dispute, the decision of the arbitrator shall be final and binding upon all the Partners involved, and the decision of the arbitrator may be entered in any court having jurisdiction.

12.2 Conduct of Arbitration. It is the intent of the Partners that, to the extent practicable, such arbitration shall be conducted by a Person knowledgeable and experienced in the type of matter that is the subject of the dispute who is acceptable to each of the Partners. In the event the Partners are unable to agree upon such Person, then such Person shall be selected by the Center for Public Resources, Inc., ("CPR") or, if such organization is not able or is unwilling to so select. such Person, then by the American Arbitration Association ("AAA"). The arbitration shall be conducted in Boston, Massachusetts in accordance with the commercial arbitration rules of CPR or AAA, as the case may be.

12.3 Costs. Upon the determination of any such dispute, the arbitrator shall bill the costs attributable to such binding arbitration to the party whose position he determines is most inconsistent with the actual decision rendered; provided, however, that the arbitrator shall be empowered to apportion such costs among the parties if he deems it appropriate.

12.4 Optional Arbitration to be Binding. It is the intent of the Partners that once arbitration is

requested by a Partner and agreed to by the other Partners which are party to the dispute in question, the matter(s) set for arbitration shall be decided as set forth herein and they shall not seek to have this §12 rendered unenforceable or to have such matter decided in any other way; provided, however, that nothing herein shall prevent the Partners which are parties to any such arbitration from negotiating a settlement of any issue at any time.

13. General.

13.1 Effect Of Agreement. From and after the Continuation Date, this Agreement reflects the whole and entire agreement among the Partners and supersedes all prior agreements among the Partners related to the subject matter hereof. This Agreement expressly supersedes that certain Partnership Agreement dated as of November 5, 1992, the Memorandum Of Understanding, the Cost Sharing Agreement and the Initial Agreement (as amended by the First Amendment). This Agreement can be amended, restated or supplemented only by the vote and written agreement of all Partners; provided, however, that. any Additional Partner may be admitted to the Partnership in accordance with the

provisions of §9 (and any appropriate adjustment in the Percentage Interests of the Partners on Schedule A hereto as a result of such admission may be effected) by the execution of a counterpart of this Agreement by such Additional Partner; and provided further, that no amendment which would adversely affect the rights of any Withdrawn Partner(s) under §2.10 shall be effective against such Withdrawn Partner(s) unless the same is expressly agreed to in writing by such Withdrawn Partner(s).

13.2 Notices. Notice to all Partners shall be deemed to be notice to the Partnership. If any Partner receives a notice to or on behalf of the Partnership, such Partner shall immediately transmit such notice to all Partners. Any written notice or other communication shall be sufficiently given or shall be deemed given (a) on the date transmitted by facsimile transmission provided that the sender shall have a written record generated by the receiving electronic device of the receipt thereof, and provided further that a copy of such notice is sent promptly thereafter by registered or certified mail, postage prepaid, or (b) on the first business day after the sending of such notice

by overnight courier service, in each case addressed as follows:

13.2.1 To each of the Partners at the address set forth below or at such other address as may be designated from time to time by any Partner by written notice to each other Partner and the Partnership:

Natural Gas Development Corporation
300 Friberg Parkway
Westborough, Massachusetts 01581-5039
PHONE: (508) 836-7000
FAX: (508) 836-7070

Gaz Metro Portland Corporation
c/o Northern New England Gas Corporation
85 Swift Street
South Burlington, Vermont 05403
Attn: Vice President
PHONE: (802) 863-8859
FAX: (802) 658-3926

(For small mail:)
Gaz Metro Portland Corporation
c/o Northern New England Gas Corporation
P. O. Box 700
Bur1ington, Vermont 05402-0700

With copy to:

Gaz Metropolitain, Inc.
1717, rue du Havre
Montreal, Quebec
Canada H2K 2X3
Attn: Executive Advisor, Business Development
PHONE: (514) 598-3377
FAX: (514) 598-3725

Tenneco Portland Corporation
1010 Milam Street
Houston, Texas 77252-2511
PHONE: (713) 757-4115
FAX: (713) 757-2369

JMC Development Company, Inc.

One Bowdoin Square
Boston, Massachusetts 02114
PHONE: (617) 720-7676
FAX: (617) 227-2690

TCPL Portland Inc.
111-Fifth Avenue, S.W.
P. O. Box 1000, Station M
Calgary, Alberta, Canada
TZP 4K5
Attn: Mr. Steve Jakymiw
PHONE: (403) 267-1020
FAX: (403) 267-2483

East Coast Pipeline Company
500 Griswold Street
10th Street
Detroit, Michigan 48226
Attn: Vice President and Secretary
PHONE: (313) 256-5206
FAX: (313) 965-0009

and

13.2.2 To the Partnership at its principal office specified by the Management Committee in accordance with §2.7 or such other address as may be designated from time to time by written notice to each of the Partners.. Any Partner may request that copies of notices be given to any Affiliate at such address designated by such Partner by written notice to each other Partner and to the Partnership, provided that any failure to give such notice shall not affect the validity of any notice given to any Partner or the Partnership in

accordance with this §13.2. Each of the Partners agrees to give such notice to any such Affiliate.

13. 3 Further Assurances. Each of the Partners and Withdrawn Partners agrees to execute and deliver all such other and additional instruments and documents and to do such other acts and things as may be reasonably necessary more fully to effectuate this Partnership and carry on the Partnership business in accordance with this Agreement.

13.4 Applicable Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Maine without regard to the principles of conflicts of laws. In the event that any provision of this Agreement shall be deemed to conflict with any provision of the Maine Uniform Partnership Act. (the “Act”), the provisions of the Act, shall to the extent required by the Act, be controlling.

13.5 Counterparts. This Agreement may be executed in counterparts (including counterparts provided for execution by an Additional Partner), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13.6 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

13.7 Waiver. No waiver by any Person of any default by any Partner or Partners in the performance of any provision, condition or requirement herein shall be deemed to be a waiver of, or in any manner release, the said Partner or Partners from performance of any other provision, condition or requirement herein; nor shall such waiver be deemed to be a waiver of, or in any manner a release of, said Partner or Partners from future performance of the same provision, condition or requirement. Any delay or omission of any Partner to exercise any right hereunder shall not. impair the exercise of any such right, or any like right, accruing to it thereafter., No waiver of a right created by this Agreement by one or more Partners shall constitute a waiver of such right by the other Partners except as may otherwise be required by law with respect to Persons not parties hereto., The failure of one or more Partners to perform its or their obligations hereunder shall not release the other Partners from the performance of such obligations.

13.8 Partition. The Partners expressly waive and release any right to have their interest, individually or collectively, in the Partnership partitioned or sold for the purpose of dividing the proceeds of such sale for the period during which the Partnership or any Successor Partnership shall remain in existence.

13.9 Laws And Regulatory Bodies. This Agreement and the obligations of the Partners hereunder are subject to all applicable laws, rules, orders and regulations of governmental authorities having jurisdiction and, in the event of conflict, such laws, rules, orders and regulations of governmental authorities having jurisdiction shall control.

13.10 Partnership Opportunity. Participation in the Partnership shall not in any way restrain any officers, directors, shareholders, employees, Affiliates or Associates of the Partners in other present or future business activities, whether or not any such activity is competitive with the business of the Partnership, or in any way preclude or restrict any of them from entering into a joint venture, partnership or other business arrangement with the Partnership. None of any Partner’s officers, directors, shareholders, employees,

Affiliates or Associates shall under any circumstances be obligated or bound to offer or present to the Partnership any business opportunity offered to such officers, directors, shareholders, employees, Affiliates or Associates as a prerequisite to the acquisition of or investment in such business opportunity by any of them.

13.11 Section Numbers. Unless otherwise indicated, references to section numbers are to sections of this Agreement.

13.12 Confidentiality. Except as hereinafter provided, the Partnership and each Partner shall treat as confidential, and not disclose to any third party not authorized by the Management Committee to receive confidential information, any information obtained either directly or indirectly from any other Partner pursuant to this Agreement and designated by such Partner as confidential, or other confidential information developed or acquired by the Management Committee, or by the Operator during performance of its obligations under the Operating Agreement on behalf of the Partnership, unless such confidential information (a) was already in the possession of the receiving Partner, or an Affiliate thereof, at the time it

obtained such confidential information hereunder, (b) was or is published or otherwise is or becomes generally available to the public through no fault of such receiving Partner or its Affiliate, (c) is developed independently by the receiving Partner or its Affiliates or (d) was or is made available to such Partner or its Affiliate without restriction by any Person or entity which is not bound by, and does not impose, an obligation of confidentiality or use with respect thereto. Further, neither the Partnership nor any Partner shall (a) use any such confidential information (other than its own) for any purpose other than in connection with the activities of the Partnership pursuant to this Agreement or (b) disclose, reveal or otherwise make any such confidential information (other than its own) available to any unauthorized third party without the prior written consent of the other Partners hereunder, unless such disclosure is required by operation of law or regulation. The Partners and the Management Committee shall establish and enforce reasonable procedures for the protection of confidential information and shall restrict disclosure of such information to as few as possible of the employees, officers, agents and

Affiliates of each Partner and the Partnership, and only to those who need to know such information in connection with the purposes of the Partnership as set forth herein. Each Partner and the Management Committee shall take such reasonable and prudent steps and precautionary measures as are required to ensure compliance with this §13,12 by such of their employees, officers, agents, Affiliates and other Persons as shall be given access to such confidential information and shall be responsible for compliance by their employees, officers, agents and Affiliates. The obligations of the Partners and Withdrawn Partners pursuant to this §13.12 shall survive the term of this Agreement for a period of five (5) years. The Partners agree that no adequate remedy at law exists for a material breach or threatened material breach of any of the provisions of this §13.12, the continuation of which unremedied will cause the injured Partner to suffer irreparable harm. Accordingly, the Partners agree that the injured party shall be entitled, in addition to other remedies which may be available to it, to immediate injunctive relief from any material breach of any of the provisions of this §13.12 and to specific performance of its rights

hereunder, as well as to any other remedies available at law or in equity. The Operating Agreement shall include similar provisions for the protection of confidential information.

13.13 Use of Name or Trademark of a Partner. Neither the Partnership, nor the Partners, their Affiliates or their Associates, shall use the name or trademark of any Partner, its Affiliates or Associates, in connection with public announcements or marketing or financing activities of the Partnership, without the prior approval of any such Partner, Affiliate or Associate, which shall not be unreasonably withheld.

13.14 References to Money. All references in this Agreement to, and transactions hereunder in, money shall be to or in Dollars of the United States of America.

13.15 Severability. Should any provision of this Agreement be deemed in contradiction with the laws of any jurisdiction in which it is to be performed or unenforceable for any reason, such provision shall be deemed null and void, but this Agreement shall remain in force in all other respects. Should any provision of this Agreement be or become ineffective because of changes in applicable laws

or interpretations thereof, or should this Agreement fail to include a provision that is required as a matter of law, the validity of the other provisions of this Agreement shall not be affected thereby If such circumstances arise, the parties hereto shall negotiate in good faith appropriate modifications to this Agreement to reflect those changes that are required by law

13.16 Third Persons. Except as expressly provided in this Agreement, nothing herein expressed or implied is intended or shall be construed to confer upon or to give any Person not a party hereto any rights or remedies under or by reason of this Agreement

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their duly authorized representatives as of the date first set forth above.

ATTEST:

/s/ [ILLEGIBLE]

NATURAL GAS DEVELOPMENT CORPORATION

By: /s/ [ILLEGIBLE]
Title: President

ATTEST:

/s/ [ILLEGIBLE]

TENNECO PORTLAND CORPORATION

By: /s/ [ILLEGIBLE]

Title:

ATTEST:

GAZ METRO PORTLAND CORPORATION

/s/ [ILLEGIBLE]

By: /s/ [ILLEGIBLE]
Title: Director

ATTEST:

JMC PORTLAND (INVESTORS), INC.

/s/ [ILLEGIBLE]

By: /s/ [ILLEGIBLE]
Title: Sr Vice President

ATTEST:

TCPL PORTLAND INC.

/s/ [ILLEGIBLE]

By: /s/ [ILLEGIBLE]
Title:

By: /s/ [ILLEGIBLE]
Title:

ATTEST:

EAST COAST PIPELINE COMPANY

/s/ [ILLEGIBLE]

By: /s/ Daniel L. Schiffer
Title: Daniel L. Schiffer
Vice President & Secretary

SCHEDULE A

Name of Partner	Percentage Interest
TCPL Portland Inc.	20.0%
East Coast Pipeline Company	20.0%
Natural Gas Development Corporation	17.8%
Tenneco Portland Corporation	17.8%
Gaz Metro Portland Corporation	17.8%
JMC Portland (Investors), Inc.	6.6%

APPENDIX A

Description of Facilities

PNGTS will be an open access, transportation-only natural gas pipeline. The new pipeline is expected to be either 24-inch (610 mm) or 20-inch (508 mm), approximately 240 miles (386 km) in length, and is expected to have an initial capacity of 175 MMcf/d. A portion of the new pipeline may be constructed adjacent to an existing pipeline corridor occupied by Portland Pipe Line Corporation oil pipelines. The expected in-service date of the pipeline is November 1998.

APPENDIX B

Name of Partner	Amount of Funds
Natural Gas Development Corporation (Per books @ October 31, 1993)	
Canadian Border to Haverhill, MA	
Cash Calls 1,2,3,5,6,7,8,8A,8B,10	$ 516,578
Payroll/Engineering/Expenses	1,890,019
Total	$ 2,406,597

Tenneco Portland Corporation		
Cash Calls 1,2,3,5,6,7,8,8A,8B,10	$	516,578
Payroll and Expenses		60,000(A)
Total	$	576,478
Gaz Metro Portland Corporation		
Cash Calls 1,2,3,5,6,7,8,8A,8B,10	$	516,578
Payroll and Expenses		41,115(A)
Total	$	557,693
(INTERSTATE/JMC EQUITY ADJUSTMENT)		
Interstate Energy, Inc.		
Cash Calls 1,2,3,5,6,7,8,8A,8B,10		
$516,578 x 16/25	$	330,610
Payroll and Expenses		29,155(A)
Total	$	359,765
JMC Development Company, Inc.		
Cash Calls 1,2,3,5,6,7,8,8A,8B,10		
$516,578 x 9/25	$	185,968
Actual June 1 - Sept. 30, 1993 Mgmt. /Admin. /Acctg.		74,850(B)
Total	$	260,818
Grand Total	$	4,161,451

(A) — Source: Part. Agr. dated Nov. 5, 1992

(B) — Source: JMC budget distributed at November 12, 1993 Partnership meeting under tab 4.2

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

FIRST AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT

THIS FIRST AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT (this "First Amendment") is entered into and made effective as of the 23 day of May, 1996 by and among the undersigned, who constitute all of the partners of Portland Natural Gas Transmission System (the "Partnership").

WHEREAS, the undersigned entered into the Amended and Restated Partnership Agreement (the "Partnership Agreement") as of March 1, 1996; and

WHEREAS, the Management Committee (as that term is defined in the Partnership Agreement) has approved and will approve various forms of standard contracts to be entered into by the Partnership for the acquisition or disposal of certain rights-of-way, servitudes, easements, leases and real property; and

WHEREAS, pursuant to §7.2.6(n) of the Partnership Agreement, the Management Committee must approve the execution of any of the aforementioned contracts by a 60% Vote (as that term is defined in the Partnership Agreement); and

WHEREAS, the Management Committee has been advised that there may be a large number of such contracts to be entered into by the Partnership; and

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WHEREAS, the Management Committee has unanimously determined that it would be impractical for it to vote on all such contracts; and

WHEREAS, the Management Committee has further determined that it only needs to approve by 60% Vote (i) forms of standard contracts of the types described in §7.2.6(n) of the Partnership Agreement, and (ii) any other contract described in §7.6.2(n) of the Partnership Agreement that differs materially from a standard contract approved by 60% Vote of the Management Committee, and that all contracts of the types described in §7.6.2(n) of the Partnership Agreement that do not materially differ from the form of any standard contract approved by 60% Vote of the Management Committee may be entered into without any further approval of the Management Committee.

NOW, THEREFORE, the parties hereto agree as follows:

1. Amendment to §7.2.6(n). Section 7.2.6(n) of the Partnership Agreement is hereby amended to read as follows:

(n) Execution of any material Lease and related agreements and any amendments thereto and determination of the form and content of standard contracts for the acquisition or disposal of rights-of-way, servitudes, easements, leases and

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real property necessary for the construction, operation and maintenance of the Facilities, and execution of any contract containing terms that materially differ from the terms of any standard contract form approved hereunder by the Management Committee;

2. Delegation of Authority to Execute Certain Contracts. The Management Committee hereby authorizes the individuals listed on Exhibit A attached hereto (as such Exhibit A may be amended from time to time by the Management Committee), or any of them, to enter into and execute any contract of the type described in §7.6.2(n) of the Partnership Agreement without first obtaining a separate consent or approval for such execution from the Management Committee if such contract does not materially differ from a standard form of contract approved by 60% Vote.

3. Effective Date. This Amendment shall be effective from and after this 23 day of May, 1996.

4. Counterparts. This First Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5. Effect on Partnership Agreement. Except as expressly set forth herein, the Partnership Agreement and all of the representations, warranties, covenants and agreements contained

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therein remain in full force and effect for the benefit of the parties thereto and hereto and their successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed and attested by their duly authorized representatives as of the date first set forth above.

ATTEST: NATURAL GAS DEVELOPMENT CORPORATION

By: /s/ [ILLEGIBLE]

Title: President

ATTEST: TENNECO PORTLAND CORPORATION

/s/ [ILLEGIBLE]

By: /s/ [ILLEGIBLE]
Title: Pres.

ATTEST: GAZ METRO PORTLAND CORPORATION

By: /s/ [ILLEGIBLE]
Title: Director

ATTEST: JMC PORTLAND (INVESTORS), INC.

By: /s/ [ILLEGIBLE]
Title: VP/Regional Executive

[SIGNATURES CONTINUED ON NEXT PAGE]

[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

ATTEST: TCPL PORTLAND, INC.

By: /s/ [ILLEGIBLE]
Title:

ATTEST: EAST COAST PIPELINE COMPANY

By: /s/ [ILLEGIBLE]
Title:

EXHIBIT A

TO

FIRST AMENDMENT TO AMENDED AND RESTATED

PARTNERSHIP AGREEMENT

The following individuals are hereby authorized to execute certain standard forms of contracts without first obtaining approval of the Management Committee of Portland Natural Gas Transmission System, as set forth in Section *2* of the First Amendment to Amended and Restated Partnership Agreement:

Distribution:

Mike Morgan
Chris Wilber
Jeff Deuink
Andy McDermott

SECOND AMENDMENT AND RELEASE

THIS AMENDMENT AND RELEASE ("Release") is made and entered into and is effective for all purposes and in all respects as of the 1st day of April, 1998 (the "Effective Date"), by and among MCN Investment Corporation, a Michigan corporation, TransCanada PipeLines Limited, a Canadian corporation, TransCanada Pipeline USA Ltd., a Nevada corporation, EI Paso Natural Gas Company, a Delaware corporation, Gaz Metropolitain and Company, Limited Partnership, constituted under the laws of the Province of Quebec, Granite State Gas Transmission, Inc., a New Hampshire corporation, and NIPSCO Capital Markets, Inc., an Indiana corporation (referred to collectively herein as the "Sponsors"), Portland Natural Gas Transmission System, a Maine general partnership (the "Partnership"), and Bank of Montreal and TD Securities (USA), Inc., (collectively, the "Lenders").

WHEREAS, the Sponsors are each affiliates of the partners in the Partnership,

WHEREAS, the Bank of Montreal and TD Securities (USA), Inc., have provided the Partnership with a commitment to underwrite the credit facilities to be used to finance the gas pipeline project to be undertaken by the Partnership (the "Project"), in an aggregate principal amount not to exceed $256,100,000, pursuant to the terms of a Commitment Letter dated December 16, 1997, as extended by letter dated March 26, 1998, and as amended by the "Amendment and Release" dated March 31, 1998 (the "Commitment Letter"),

WHEREAS, each Sponsor, other than NIPSCO Capital Markets, Inc., agreed to be severally responsible for the payments due to Bank of Montreal and TD Securities (USA), Inc. under the Commitment Letter, in the percentage amount set forth in the "Amendment and Release" dated March 31, 1998,

WHEREAS Natural Gas Development, Inc has sold fifty percent of its percentage interest in the Partnership to NI Energy Services Development Corp., an affiliate of NIPSCO Capital Markets, Inc., and pursuant to the Fourth Amendment to Amended and Restated Partnership Agreement, NI Energy Services Development Corp. is admitted to the Partnership as of April 1, 1998,

WHEREAS the Lenders and the Sponsors have agreed to further amend the Commitment Letter by NIPSCO Capital Markets, Inc.'s entering into the Commitment Letter, as amended, and agreeing to be bound by its terms,

NOW, THEREFORE, in consideration of the premises (which are deemed a material and substantive part of this Release), the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Release, intending legally to be bound, agree as follows:

(1) By its signature below, NIPSCO Capital Markets, Inc. hereby agrees to enter into and be bound by the terms of the Commitment Letter; and further agrees to be severally (and not jointly) responsible for 9.53% of the obligations and liabilities of the Commitment Letter retroactive to December 16, 1997.

(2) Each of the Sponsors, other than NIPSCO Capital Markets, Inc., agrees that the percentage following its printed name on the signature pages of the Commitment Letter is hereby amended to reflect the following percentages (as applicable), retroactive to December 16, 1997:

TransCanada PipeLines Limited TransCanada Pipeline USA Ltd. (jointly and severally)	21.41%
MCN investment Corporation	21.41%
Granite State Gas Transmission, Inc.	9.53%
El Paso Natural Gas Company	19.06%
Gaz Metropolitan and Company, Limited Partnership	19.06%

(3) Granite State Gas Transmission, Inc. is hereby partially released of its obligations and liabilities under the Commitment Letter to the extent that the percentage following its printed name on the signature pages of the Commitment Letter is reduced to the percentage reflected in Paragragh (2) above.

(4) Counterparts. This Amendment and Release may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures shall be binding.

(5) Except as specifically set forth herein, the Commitment Letter continues unmodified and in full force and effect.

[SIGNATURES APPEAR ON THE NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this Release as of the Effective Date.

MCN INVESTMENT CORPORATION

By: _____
Name:

TRANSCANADA PIPELINES LIMITED

By: /s/ [ILLEGIBLE]
Name: [ILLEGIBLE]

Its: _____

Its: [ILLEGIBLE]

TRANSCANADA PIPELINE USA, LTD.

By: /s/ [ILLEGIBLE]
Name: [ILLEGIBLE]
Its: Vice President / Vice President

EL PASO NATURAL GAS COMPANY

By: _____
Name: _____
Its: _____

GAZ METROPOLITAN AND COMPANY, LIMITED PARTNERSHIP, By its general partner, GAZ METROPOLITAIN, INC.

By: _____
Name: _____
Its: _____

GRANITE STATE GAS TRANSMISSION, INC.

By: _____
Name: _____
Its: _____

NIPSCO CAPITAL MARKETS, INC.

By: _____
Name: _____
Its: _____

PORTLAND NATURAL. GAS TRANSMISSION SYSTEM

By: _____
Name: _____
Its: _____

BANK OF MONTREAL

By: _____
Name: _____
Its: _____

TD SECURITIES (USA), INC.

By: _____
Name: _____
Its: _____

RESOLUTION OF MANAGEMENT COMMITTEE

The undersigned, being all of the members of the Management Committee of Portland Natural Gas Transmission System (the "Management Committee"), by their signatures below, adopt the following resolution effective as of April 1, 1998:

RESOLVED, that in connection with the admission of NI Energy Services Development Corp., the "Second Amendment and Release" of the Commitment Letter dated December 16, 1997, as extended by letter dated March 26, 1998, and as amended by the "Amendment and Release dated March 31, 1998, is hereby approved in the form presented to the Management Committee,

FURTHER RESOLVED, that E.J. Holm, Chairman of the Management Committee, is hereby authorized in the name and on behalf of Portland Natural Gas Transmission System, to execute and deliver the same "Second Amendment and Release," and such other documents as may be necessary in connection with the admission of NI Energy Services Development Corp. as a Partner,

By: _____
Printed Name: _____
Representative of: NATURAL GAS DEVELOPMENT, INC.

By: _____
Printed Name: _____
Representative of: EL PASO ENERGY PORTLAND CORPORATION

By: _____
Printed Name: _____
Representative of: GAZ METRO PORTLAND CORP.

By: /s/ [ILLEGIBLE]
Printed Name: [ILLEGIBLE]
Representative of: TCPL PORTLAND, INC.

[SIGNATURES CONTINUE ON NEXT PAGE]

By: _____
Printed Name: _____
Representative of: MCNIC EAST COAST PIPELINE COMPANY

By: _____
Printed Name: _____
Representative of: NI ENERGY SERVICES DEVELOPMENT CORP.

Exhibit 10.4.3

Portland Natural Gas Transmission System

Third Amendment to Amended and Restated
Partnership Agreement

THIS THIRD AMENDMENT TO AMENDED AND RESIATED PARTNERSHIP AGREEMENT (this "Third Amendment") is entered into this day of , 1998 by and among the undersigned, who constitute all of the partners of Portland Natural Gas Transmission System (the "Partnership").

WHEREAS the undersigned entered into the Amended and Restated Partnership Agreement (the "Partnership Agreement") as of March 1, 1996; and

WHEREAS the Management Committee (as that term is defined in the Partnership Agreement) has determined to amend Section 2.6.2(a) of the Partnership Agreement as provided herein;

Now therefore, in consideration of the mutual covenant and agreement set forth below, the Parties, intending to be legally bound, agree as follows:

1 Amendment to § 2.6.2(a). Section 2.6.2(a) of the Partnership Agreement is hereby amended to read as follows:

(a) Each Partner represents and warrants that as of the date of its admission to the Partnership, it is exempt from, or not subject to regulation as, a "holding company" or a "subsidiary company" of a holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended, or a "public utility" within the meaning of the Federal Power Act, as amended;

2. Effective Date. This Third Amendment shall be effective from and after the 1st day of March, 1996.

3. Counterparts. This Third Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4. Effect on Partnership Agreement. Except as expressly set forth herein, the Partnership Agreement and all of the representations, warranties, covenants and agreements contained therein remain in full force and effect for the benefit of the parties thereto and hereto and their successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be executed and attested by their duly authorized representatives as of the date first set forth above.

ATTEST: NATURAL GAS DEVELOPMENT, INC.

/s/ [ILLEGIBLE] By: /s/ [ILLEGIBLE]
Title: President

ATTEST: EPEC PORTLAND CORPORATION

/s/ [ILLEGIBLE] By: /s/ [ILLEGIBLE]
Title: Sr. Vice-President

ATTEST: GAZ METRO PORTLAND CORP.

/s/ [ILLEGIBLE] By: /s/ [ILLEGIBLE]
Title: VP Development

ATTEST: JMC PORTLAND (INVESTORS) INC.

/s/ [ILLEGIBLE] By: /s/ [ILLEGIBLE]
Title: Vice President

[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

ATTEST: TCPL PORTLAND, INC.

/s/ [ILLEGIBLE]

By: /s/ [ILLEGIBLE]
Title: Vice President Bus. Dev-TCPL

ATTEST:

MCNIC EAST COAST PIPELINE COMPANY

/s/ [ILLEGIBLE]

By: /s/ [ILLEGIBLE]
Title: Vice President, Business Development CTC

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

Fourth Amendment to Amended and Restated Partnership Agreement

THIS FOURTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT (this "Fourth Amendment") is entered into as of the 31st day of March, 1998 by and among Natural Gas Development, Inc., EI Paso Energy Portland Corporation, Gaz Metro Portland Corp., JMC Portland (Investors) Inc., TCPL Portland, Inc. and MCNIC East Coast Pipeline Company (the "Current Partners") who currently constitute all of the partners of Portland Natural Gas Transmission System (the "Partnership"), and NI Energy Services Development Corp., an Indiana corporation ("NESDC").

WHEREAS the Current Partners entered into the Amended and Restated Partnership Agreement of Portland Natural Gas Transmission System and the First, Second and Third Amendments thereto (collectively, the "Partnership Agreement");

WHEREAS, pursuant to the terms of that Purchase and Sale Agreement dated as of March 31, 1998, JMC Portland (Investors), Inc., ("JMC") is selling its entire Percentage Interest in the Partnership to the Partnership, and withdrawing as a Partner in the Partnership;

WHEREAS, Natural Gas Development, Inc. ("NGDI") proposes to sell to NESDC one-half of its Percentage Interest, and NESDC has requested that it be admitted as an Additional Partner in the Partnership;

WHEREAS the Management Committee (as that term is defined in the Partnership Agreement) has also determined to amend the Partnership Agreement as necessary to address the matters identified above, and also to

(i) correct certain names and addresses of the Partners and the Partnership,

(ii) revise the description of the PNGTS Facilitiesto contemplate the PNGTS/Maritimes Joint Facilities;

(iii) recognize the issuance of the FERC certificates,

(iv) provide an alternative time when the Management Committee may vote to commit to construct the Facilities,

(v) allow for a shortened default period if necessary to avoid or cure a default under any Financing Commitment,

(vi) add a materiality standard to certain votes of the Management Committee, and

(vii) revise the opinion of counsel to the Transferee which shall be furnished to the Partnership as a condition of admission to the Partnership;

WHEREAS adoption of this Amendment shall constitute written notice to each of the Partners of the changes in names and/or addresses as may be required by the Partnership Agreement;

Now therefore, in consideration of the mutual covenants and agreements set forth below, the Parties, intending to be legally bound, agree as follows:

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1. Amendment to the first paragraph. The first paragraph of the Partnership Agreement is hereby amended to read as follows, to reflect the withdrawal of JMC as a Partner, the admission of NESDC as a Partner and certain revisions to the names and addresses of the Partners:

AMENDED AND RESTATED PARTNERSHIP AGREEMENT(this "Agreement") made as of this 1st day of March 1996, as amended by the First Amendment dated 23rd of May 1996, the Second Amendment dated 23rd of October 1996, the Third Amendment dated 17th of March 1998, and the Fourth Amendment effective March 31, 1998, by and among Natural Gas Development, Inc. ("NGDI") (formerly "NGDC"), with offices at 300 Friberg Parkway, Westborough, Massachusetts 01581-5039, El Paso Energy Portland Corporation ("El Paso Energy") with offices at 1001 Louisiana Street, Houston, Texas 77002 , Gaz Metro Portland Corporation ("Gaz Metro"), c/o Northern New England Gas Corporation, 85 Swift Street, South Burlington, Vermont 05403, TCPL Portland Inc. ("TCPL"), with offices at 111-Fifth Avenue S.W., Calgary, Alberta, Canada T2P4K5, MCNIC East Coast Pipeline Company ("East Coast"), with offices at 500 Griswold Street 10th Floor, Detroit, Michigan 48226, and NI Energy Services Development Corp. ("NESDC"), with offices at 801 East 86th Avenue, Merrillville, Indiana, 46410 (each of NGDI, El Paso Energy, Gaz Metro, TCPL, East Coast and NESDC being sometimes herein referred to individually as a "Partner" and collectively as the "Partners").

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2. Amendment to First Recital and Section 2.1. The word "JMC" shall be replaced with "JMC Portland (Investors), Inc. ("JMC")"

2a. Other Amendments to Recitals. The last recital is hereby amended by deleting the period at the end thereof and substituting in its place "; and" and immediately thereafter adding the following additional recitals:

"WHEREAS, pursuant to a Purchase and Sale Agreement dated as of March 31, 1998, the Partnership redeemed the entire Percentage Interest held by JMC, and JMC withdrew as a Partner in the Partnership as of March 31, 1998; and

WHEREAS, the Management Committee and each Partner, by signature on the Fourth Amendment, votes unanimously to admit NESDC as an Additional Partner, and NESDC, by its signature on the Fourth Amendment, agrees to become an Additional Partner and further agrees to be bound by the terms and conditions of the Partnership Agreement, as amended by the Fourth Amendment."

3. Amendment to Section 1.20. The phrase "to the vicinity of Haverhill, Massachusetts" shall be amended to state "to the vicinities of Haverhill and Dracut, Massachusetts".

4. Amendment to Section 2.7. The first sentence of Section 2.7 shall be amended to state as follows:

The principal offices of the Partnership shall be at One Harbour Place, Suite 375, Portsmouth, New Hampshire 03801, or at such place as the Management Committee may from time to time determine.

5. Amendment to Section 2.9.2. The first sentence of Section 2.9.2 shall be amended to state as follows:

Immediately following the last to occur of the events referred to in clauses (b), (c) and (f) of §2.9.1, the satisfaction of all conditions set forth in any Precedent Agreements for execution of Firm Service Gas Transportation Contracts, and the satisfaction of all conditions set forth in any Precedent Agreements for execution of Gas Purchase Contracts, or at such time as the Management Committee by 60% Vote agrees to take a vote on whether the Partnership shall be committed to construct the Facilities, the Management Committee shall vote on whether the Partnership shall be committed to construct the Facilities.

6. Amendment to Section 3.3.4. The first sentence in Section 3.3.4(a) shall be amended to state as follows:

In the event a Partner shall default in the performance of any of its obligations to advance any Pre-Commitment Date Funds or make any Capital Contribution to the Partnership in accordance with the terms of this Agreement and such default shall continue uncured for a period of thirty (30) days after the giving of notice to all of the Partners of such default by any of the other Partners or for such extended cure period as may be approved by a 60% Vote of the Management Committee exclusive of Representatives of Defaulting Partners, provided, however, by 60% Vote of the Management Committee exclusive of Representatives of Defaulting Partners, a cure period of less than thirty (30) days may be approved if necessary to avoid or cure a default under any Financing Commitment, then such Partner shall be deemed to have withdrawn from the Partnership effective as of the 31st day after such notice or the day after expiration of the extended or shortened cure period as the case may be, and such Defaulting Partner shall thereafter be a Withdrawn Partner,, Subsequent to any such event of default and unless and until such default shall be cured as provided in § 3.3.4(c), the Defaulting Partner shall have no right to receive any allocations which are attributable to its interest in the Partnership and made in accordance with § 4 and no distribution shall be made to the Defaulting Partner under § 5.

7. Amendment to Section 7.2.6. Subsections 7.2.6(h) and (i) shall be amended to state as follows:

(h) Filing with FERC of the Partnership's tariff, or any material amendment thereto, relating to the Facilities;

(i) Filing of all applications by the Partnership for Necessary Regulatory Approvals and other material governmental or regulatory approvals, or any material amendments to such applications, or any applications for material amendments to such Necessary Regulatory Approvals or other approvals;

7a. Amendment to Section 9.8(c). Section 9.8(c) is hereby amended to state as follows:

"(c)(i) NESDC hereby makes the representations and warranties set forth in Section 2.6 of the Partnership Agreement to the Partnership and each of the other Partners; agrees to be bound by the terms of the Partnership Agreement (as amended by the Fourth Amendment) from and after April 1, 1998; and agrees to assume one-half of NGDI's obligations and liabilities under the Partnership Agreement as of April 1, 1998.

(ii) Upon (1) satisfaction of the requirements of Section 9.1.4 (i), (ii) and (v) of the Partnership Agreement, and (2) the execution of the Fourth Amendment by NESDC and each of the Current Partners, NESDC shall be admitted as an Additional Partner.

Such admission shall be deemed to occur on April 1, 1998, notwithstanding that the Fourth Amendment is not fully executed by such date.

(iii) The Management Committee and each Partner, by signature on the Fourth Amendment, votes unanimously to admit NESDC as an Additional Partner, and NESDC, by its signature on the Fourth Amendment, agrees to become an Additional Partner and further agrees to be bound by the terms and conditions of the Partnership Agreement, as amended by the Fourth Amendment."

8. Amendment to Section 13.2.1. Section 13.2.1 shall be amended to state as follows:

To each of the Partners at the address set forth below or at such other address as may be designated from time to time by any Partner by written notice to each other Partner and the Partnership:

NGDI — Natural Gas Development, Inc.,
300 Friberg Parkway
Westborough, Massachusetts 01581-5039
Attn: President
Phone: (508) 836-7000
Fax: (508) 836-7070

Gaz Metro — Gaz Metro Portland Corporation
c/o Northern New England Gas Corporation
85 Swift Street
South Burlington, Vermont 05403
Attn: Vice President
Phone: (802) 863-8859
Fax: (802) 658-3926

For small mail only:
Gaz Metro Portland Corporation
c/o Northern New England Gas Corporation
P.O. Box 700
Burlington, Vermont 05402-0700
Attn: Vice President

With copy to:
Gaz Metropolitain, Inc.
1717, rue du Havre
Montreal, Quebec
Canada H2K 2X3
Attn: Executive Advisor, Business Development
Phone: 514-598-3377
Fax: 514-598-3735

El Paso Energy — El Paso Energy Portland Corporation
1001 Louisiana Street
Houston, Texas 77002
Attn: President
Phone: (713) 757-4115
Fax: (713) 757-2369

TCPL — TCPL Portland Inc.
111-Fifth Avenue S.W.
Calgary, Alberta
Canada T2P 4K5
Attn: President
Phone: 403-267-1020
Fax: 403-267-2483

East Coast — MCNIC East Coast Pipeline Company
500 Griswold Street, 10th Floor
Detroit, Michigan 48226
Attn: Vice President and Secretary
Phone: 313-256-5206
Fax: 313-965-0009

NESDC — NI Energy Services Development Corp.
801 East 86th Avenue
Merrillville, Indiana, 46410
Attn: Daniel D. Gavito
Phone: 219-647-4283
Fax: 219-647-4284

With copy to:
Mark C. Zaander
Schiff Hardin & Waite
7300 Sears Tower
Chicago, Illinois 60606

Phone: 312-258-5500
Fax: 312-258-5600

9. Amendment to Appendix A. Appendix A shall be amended to state as follows:

PNGTS Facilities shall consist of:

(i) such PNGTS facilities as were authorized by the certificate and Presidential Permit issued by the Federal Energy Regulatory Commission in Docket Nos. CP96-249 and CP96-248, as these certificates may be amended, and any Incremental Expansions as may be approved by vote of the Management Committee as provided in Section 2.11; and

(ii) PNGTS's Ownership Interest in the Joint Facilities as were authorized by the certificate issued in Docket No. CP97-238, as this certificate may be

amended, and PNGTS's Ownership Interest in any Expansions of the Joint Facilities, as these terms are defined by the Ownership Agreement Between Portland Natural Gas Transmission System and Maritimes & Northeast Pipeline, L.L.C. dated October 8, 1997, and approved by the Federal Energy Regulatory Commission on November 4, 1997.

10. Amendment to Schedule A. Schedule A shall be replaced with the attached Revised Schedule A.

11. Effective Date. This Fourth Amendment shall be effective from and after this 31st day of March, 1998.

12. Counterparts. This Fourth Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures shall be binding.

13. Effect on Partnership Agreement. Except as expressly set forth herein, the Partnership Agreement and all of the representations, warranties, covenants and agreements contained therein remain in full force and effect for the benefit of the parties thereto and hereto and their successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Amendment to be executed and attested by their duly authorized representatives as of the date first set forth above.

ATTEST:

/s/ [ILLEGIBLE]

NATURAL GAS DEVELOPMENT, INC.

By: /s/ [ILLEGIBLE]

Title: President

ATTEST:

/s/ [ILLEGIBLE]

EL PASO ENERGY PORTLAND CORPORATION

By: /s/ E.J. Holm
E.J. Holm

Title: Sr. Vice President

ATTEST:

GAZ METRO PORTLAND CORP.

By: /s/ [ILLEGIBLE]

Title: VP Development

ATTEST:

JMC PORTLAND (INVESTORS) INC.,
as Withdrawn Partner

By: /s/ [ILLEGIBLE]

Title: _____

ATTEST: TCPL PORTLAND, INC.

_____ By: /s/ [ILLEGIBLE]

Title: Vice-President President

ATTEST: MCNIC EAST COAST PIPELINE COMPANY

/s/ [ILLEGIBLE] By: /s/ [ILLEGIBLE]

Title: Vice President

ATTEST: NI ENERGY SERVICES DEVELOPMENT CORP.

/s/ [ILLEGIBLE] By: /s/ [ILLEGIBLE]

Title: Vice President

REVISED SCHEDULE A

Name of Partner	Percentage Interest
TCPL Portland Inc.	21.41%
MCNIC East Coast Pipeline Company	21.41%
Natural Gas Development, Inc.	9.53%
El Paso Energy Portland Corporation	19.06%
Gaz Metro Portland Corporation	19.06%
NI Energy Services Development Corp.	9.53%

TRANSFER OF PARTNERSHIP INTEREST AGREEMENT AND AMENDMENT NO. 5 TO THE PORTLAND NATURAL GAS TRANSMISSION SYSTEM PARTNERSHIP AGREEMENT AND ASSIGNMENT AND ASSUMPTION OF EQUITY CONTRIBUTION AGREEMENT AND PLEDGE AGREEMENT

THIS AGREEMENT is by and among Gaz Metro Portland Corporation, a Delaware corporation with a place of business at 1717 du Havre Street, Canada, Montreal, Quebec H2K-2X3 ("Non-Surviving Partner"), and Northern New England Investment Company, Inc. a Vermont corporation with a place of business at c/o Northern New England Gas Corporation, 85 Swift Street, South Burlington, VT 05403 ("Surviving Partner"), and the Portland Natural Gas Transmission System, a Maine general partnership (the "Partnership"), and is made to be effective on the Effective Date, as such is defined in that certain Agreement and Plan of Merger by and among Northern New England Gas Corporation, a Vermont corporation, Surviving Partner, and Non-Surviving Partner, attached hereto as Exhibit "A".

RECITALS

A. Non-Surviving Partner is a Partner in Partnership; and

B. Partnership is duly organized and existing pursuant to the Portland Natural Gas Transmission System Amended and Restated Partnership Agreement, dated as of March 1, 1996, as amended by the First Amendment thereto, dated as of May 23, 1996, and as further amended by the Second Amendment thereto, dated as of October 23, 1996, and as further amended by the Third Amendment thereto, dated as of March 17, 1998, and as further amended by the Fourth Amendment thereto, dated

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as of March 31, 1998, (collectively, the "Partnership Agreement"), among Non-Surviving Partner, TCPL Portland Inc., MCNIC East Coast Pipeline Company, Natural Gas Development Inc., El Paso Energy Portland Corporation, and Nl Energy Services Development Corporation (collectively, the "Partners"); and

C. Non-Surviving Partner is the owner of a 19.06% Percentage Interest in the Partnership; and

D. Non-Surviving Partner desires to merge into Surviving Partner, with all of Non-Surviving Partner's right, title and interest in and to its Percentage Interest in Partnership, including its rights to manage and control Partnership to the extent provided in the Partnership Agreement, being thereby assigned, transferred, and conveyed to Surviving Partner as of the Effective Date; and

E. Surviving Partner desires to acquire Non-Surviving Partner's Percentage Interest in Partnership as of the Effective Date and become an active, substituted Partner In Partnership as of the Effective Date; and

F. Non-Surviving Partner desires to assign to Surviving Partner, and Surviving Partner desires to assume, all of Non-Surviving Partner's liabilities and obligations under the Partnership Agreement, that certain Equity Contribution Agreement as amended, dated as of June 3, 1998 among the Partners, the Partnership and Bank of Montreal, as collateral agent, as amended by Amendment No. 1 dated as of June , 1998 (the "Equity Contribution Agreement"), and that certain Pledge Agreement (the "Pledge Agreement") dated as of June 3, 1998 made by the Non-Surviving Partner to Bank of Montreal, as collateral agent.

G. Partnership desires to approve and acknowledge the merger and resulting transfer pursuant to the terms and conditions of this Agreement and effectuate the substitution of Surviving Partner as a Partner;

NOW THEREFORE, for good and valuable consideration in hand paid by Surviving Partner to each of Non-Surviving Partner and Partnership, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby covenant and agree as follows:

1. Assignment and Assumption. Non-Surviving Partner does hereby SELL, TRANSFER, ASSIGN, CONVEY, SET OVER, QUITCLAIM, and DELIVER unto Surviving Partner, its successors and assigns, all of Non-Surviving Partner's right, title and interest in and to its Percentage Interest, including all of Non-Surviving Partner's right and interest in and to Partnership assets, liabilities, rights to future profits, and management rights, as of the Effective Date, and Surviving Partner hereby assumes, as of the Effective Date, all of the Non-Surviving Partner's liabilities and obligations under the Partnership Agreement, the Equity Contribution Agreement, and the Pledge Agreement, including, but not limited to, any and all liability of the Partnership arising out of actions or failures to act on or prior to the Effective Date and including, but not limited to, Non-Surviving Partner's obligation to make, pursuant to the terms of the Equity Contribution Agreement, Equity Contributions, M&N Withdrawal/Default Contributions, Completion Support Contributions, ATC Contributions and Supplemental Joint Facility Contributions (each as defined in the Equity Contribution Agreement).

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2. Representations and Warranties of Non-Surviving Partner. Non-Surviving Partner represents that its Percentage Interest is free from any liens, claims and rights of any person or party under any other agreement, other than the security interest created by the Pledge Agreement or any other liens permitted thereunder, and that the merger and resulting transfer will not violate, or cause the Partnership to violate, any law, rule or regulation to which Non-Surviving Partner or the Partnership is subject including, without limitation, any applicable federal or state securities law.

3. Representations, Warranties and Agreements of Surviving Partner. Surviving Partner hereby makes the representations set forth in Section 9.1.4(v) of the Partnership Agreement to the Partnership and agrees to be bound by all of the terms and conditions of the Partnership Agreement, as amended by Section 4 hereof.

4. Substitution of Surviving Partner as a New Partner. The Partnership approves and acknowledges the merger of Non-Surviving Partner into Surviving Partner and resulting transfer of Non-Surviving Partner's Percentage Interest to Surviving Partner, accepts Surviving Partner as a substituted Partner in the Partnership, agrees to the assumption of liability by Surviving Partner, and releases Non-Surviving Partner from all future liability for Partnership debts. Surviving Partner and the Partnership agree that the Partnership Agreement is hereby amended by substituting Schedule A attached hereto for the same Schedule currently attached to the Partnership Agreement. Surviving Partner and the Partnership hereby agree that Surviving Partner's execution of this Agreement shall be treated as Surviving Partner's execution of a counterpart of the Partnership Agreement.

5. Miscellaneous. All of the covenants, terms, and conditions set forth herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. All initially-capitalized terms used in this Agreement or any exhibit attached hereto, and not otherwise defined herein, shall have the meaning defined in the Partnership Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The descriptive headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning of the Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Maine, without giving effect to the conflict of laws principles thereof. Each of the parties hereto hereby irrevocably waives any and all right to trial by jury in any legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. If any provision of this Agreement shall be held or deemed to be or shall, In fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever. All of the parties hereto will perform and cause to be performed such further acts and execute and deliver or cause to be executed and delivered such further documents as may be reasonably necessary or desirable to carry out the terms and intent of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the Effective Date.

GAZ METRO PORTLAND CORPORATION

By: /s/ Jacques Demanche
Jacques Demanche
Its Treasurer and
Duly Authorized Agent

NORTHERN NEW ENGLAND INVESTMENT COMPANY, INC.

By: /s/ Jacques Demanche
Jacques Demanche
Its Treasurer and
Duly Authorized Agent

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

By: /s/ [ILLEGIBLE]

Its:

And each of Its Partners:

TCPL PORTLAND INC.

By: /s/ [ILLEGIBLE]

Its:

MCNIC EAST COAST PIPELINE COMPANY

By: /s/ [ILLEGIBLE]

Its: Vice President

NATURAL GAS DEVELOPMENT, INC.

By: /s/ [ILLEGIBLE]

Its: President

EL PASO ENERGY PORTLAND CORPORATION

By: /s/ [ILLEGIBLE]

Its: Vice President – Finance

NI ENERGY SERVICES DEVELOPMENT CORPORATION

By: /s/ [ILLEGIBLE]

Its: Vice President

The undersigned hereby acknowledges and agrees to the foregoing and hereby (i) agrees that all references to "Gaz Metro Portland Corporation, a Delaware corporation," in that certain Guaranty in favor of the Partnership by Gaz Metropolitain & Company, L.P., dated as of June 3, 1998 (the "Guaranty"), are hereby deleted and replaced with "Northern New England investment Company, Inc., a Vermont corporation," and (ii) affirms that, notwithstanding the foregoing, the Guaranty shall remain in full force and effect.

GAZ METROPOLITAIN & COMPANY, L.P.
By: GAZ METROPOLITAIN, Inc.
Its General Partner

By: /s/ Jacques Demanche
Jacques Demanche
Its Authorized Agent; and

By: /s/ René Bédard
René Bédard
Its Authorized Agent

PORTLAND NATURAL GAS TRANSMISSION SYSTEM PARTNERSHIP
ASSIGNMENT AND ASSUMPTION OF PARTNERSHIP INTEREST
AND AMENDMENT NUMBER 6 OF THE PNGTS PARTNERSHIP AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF PARTNERSHIP INTEREST AND AMENDMENT NUMBER 6 OF THE PNGTS PARTNERSHIP AGREEMENT made this 4th day of June, 1999 (this "Assignment"), is by and among MCNIC East Coast Pipeline Company, a Michigan corporation ("Assignor"), Select Energy Portland Pipeline, Inc., a Connecticut corporation ("Assignee"), and Portland Natural Gas Transmission System, a Maine general partnership ("PNGTS" or the "Partnership").

RECITALS

WHEREAS, Assignor is the owner of a 21.41 % Percentage Interest in the Partnership and is a party to the Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated as of March 1, 1996, as amended by First Amendment dated as of May 23, 1996 and as further amended by Amendments Number 2, dated as of October 23, 1996, Amendment Number 3, dated as of March 17, 1998, Amendment Number 4, dated as of March 31, 1998, and Amendment Number 5, dated as of September 30, 1998, (as amended, the "Partnership Agreement"), by and among Assignor, Natural Gas Development, Inc., Northern New England Investment Company, Inc., NI Energy Services Development Corp., El Paso Energy Portland Corporation and TCPL Portland Inc. (collectively the "Partners"), pursuant to which the Partners agreed, among other things, to continue PNGIS as a Maine general partnership (the "Partnership"), to construct and operate a natural gas pipeline from the

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U.S./Canadian border in New Hampshire to the vicinities of Haverhill and Dracut, Massachusetts, known as the Portland Natural Gas Transmission System; and

WHEREAS, Affiliates of Assignor and Assignee have entered into a letter agreement (the "Letter Agreement") dated June 4, 1999, pursuant to which, inter alia, Assignor has agreed to sell and Assignee has agreed to purchase a five percent interest in the Partnership (the "5% Percentage Interest"); and

WHEREAS, the Management Committee has, by unanimous vote reflected in a written resolution signed by each Representative, waived the right of first refusal provided in Section 9.1.2 of the Partnership Agreement; and

WHEREAS, Assignee has completed its due diligence review and has had access to all information provided by PNGTS about the Partnership that may be material to its decision to purchase the 5% Percentage Interest;

WHEREAS, Assignor desires to assign to Assignee, and Assignee desires to assume, all Assignor's liabilities and obligations with respect to the 5% Percentage Interest under the Partnership Agreement, that certain Equity Contribution Agreement dated as of June 3, 1998, as amended by Amendment No. 1 to the Equity Contribution Agreement dated June 1998, Amendment No.2 to the Equity Contribution Agreement dated September 30, 1998 and Amendment No.3 to the Equity Contribution Agreement dated December 3, 1998 (as it may be from time to time further amended, modified or supplemented, the "Equity Contribution Agreement") between the Partners, the Partnership and the Bank of Montreal, as Collateral Agent, and that certain Pledge Agreement dated as of June 3, 1998 (the "Pledge Agreement") made by the Partners to the Bank of Montreal as Collateral Agent.

WHEREAS, the Partnership has approved the transactions contemplated by this Assignment and upon consummation thereof will admit Assignee as a partner in the Partnership pursuant to the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the mutual promises set forth herein, it is agreed as follows:

1. Definitions. Terms used but not defined herein shall have the meanings assigned to such terms in the Partnership Agreement.

2. Assignment. Assignor hereby sells, assigns, transfers and conveys to Assignee, its successors and assigns, the 5% Percentage Interest, including all right and interest in and to the Partnership's assets, liabilities, rights to future profits, and management rights as such relate to the 5% Percentage Interest, which assignment shall be effective as of June, 1, 1999 ("Effective Date"), in consideration of $7,527,760.00, as such may be adjusted pursuant to the Letter Agreement between Assignee and Assignor dated June 4, 1999.

3. Acceptance: Representations. Assignee accepts the foregoing assignment and, from and after the Effective Date, agrees to be bound by all of the provisions of the Partnership Agreement, as amended by this Assignment, and shall assume all liabilities and obligations of Assignor with respect to the 5% Percentage Interest under the Partnership Agreement, the Equity Contribution Agreement, and the Pledge Agreement, including, but not limited to, any and all liability of the Partnership arising out of actions or failures to act on or prior to the Effective Date and including, but not limited to, Assignor's obligation to make, pursuant to the terms of the Equity Contribution Agreement, Equity Contributions, M&N Withdrawal/Default Contributions, Completion Support Contributions, ATC Contributions and Supplemental Joint Facility Contributions (each as defined in the Equity Contribution Agreement).

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4. Representations and Warranties of Assignee. Assignee hereby makes the representations set forth in Section 2 6 1 and Section 2 6 2(b) of the Partnership Agreement to PNGTS, and further represents that it is an indirect subsidiary of Northeast Utilities, a registered electric utility holding company under the Public Utility Holding Company Act of 1935, as amended (the "1935 Act"), and entitled to participate in the transactions contemplated by

this Assignment and related transactions, under Rule 58 promulgated under the 1935 Act. Assignee and PNGIS hereby agree that Assignee's execution of this Assignment shall be treated as Assignee's execution of a counterpart of the Partnership Agreement and from and after the Effective Date, Assignee shall satisfy any and all obligations otherwise accruing to or presently the obligation of Assignor with respect to the 5% Percentage Interest under the Credit Agreement.

5. Representations and Warranties of Assignor. Assignor makes no representations or warranties of any kind with regard to this Assignment, except that Assignor represents that the 5% Percentage Interest is free from liens, claims and rights of any person or party, other than the security interest created by the Pledge Agreement and the Assignee, and the assignment thereof will not breach any rights of any person or party under any agreement, including but not limited to the Partnership Agreement or the Pledge Agreement, and that the assignment of the 5% Percentage Interest does not violate any law, rule or regulations to which the Partnership or Assignor is subject.

6. Acceptance. The Partnership accepts Assignee as a partner in the Partnership. Such admission shall be deemed to occur on June 1, 1999, in case this Amendment is not fully executed by such date. The Partnership agrees to the assumption of liability by Assignee and from and after the Effective Date, the Partners, other than Assignor, release Assignor from its

obligations with respect to the 5% Percentage Interest and agree henceforth to look to Assignee to satisfy any and all obligations otherwise accruing to (or presently the obligation of) Assignor with respect to the 5% Percentage Interest. Assignee and the Partnership agree that the Partnership Agreement is hereby amended by substituting Schedule A attached hereto for the same schedule currently attached to the Partnership Agreement.

7. Indemnity. Assignee shall indemnify and hold Assignor harmless against any and all losses, costs, and expenses (including, without limitations, reasonable attorneys' fees) and liabilities incurred by Assignor in connection with or arising in any manner from Assignee's failure to lawfully acquire, in the manner contemplated herein, the 5% Percentage Interest, other than any failure occasioned by Assignor's breach of any representation or warranty made pursuant to Section 5

8. Amendment to Partnership Agreement. Section 13.2.1 shall be amended by adding the following to the end thereof:

Select Energy Portland Pipeline, Inc.
107 Selden Street
Berlin, CI 06037
Attn: John Forsgren
Executive Vice President and
Chief Financial Officer
Phone: (850) 665-3528
Fax: (860) 665-3718

9. Effect on Partnership Agreement. Except as expressly set forth herein, the Partnership Agreement and all of the representations, warranties, covenants and agreements contained therein remain in full force and effect for the benefit of the parties thereto and hereto and their successors and assigns.

10. Miscellaneous. All of the covenants, terms, and conditions set forth herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Assignment shall be governed by and construed in accordance with the laws of the State of Maine, without giving effect to the conflict of laws principles thereof Each of the parties hereto hereby irrevocable waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Assignment or the transactions contemplated hereby. Each of the parties hereto will perform and cause to be performed such further acts and execute and deliver or cause to be executed and delivered such further documents as may be reasonably necessary or desirable to carry out the terms and intent of this Assignment.

11. Counterparts This Assignment may be executed in any number of counterparts, including facsimile counterparts with originals to follow, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Assignment by signing any such counterpart.

IN WITNESS WHEREOF, PNGIS (through its Partners), Assignor and Assignee have executed this Assignment as of the date and year first above written.

ASSIGNEE:

SELECT ENERGY PORTLAND PIPELINE, INC.

By: /s/ [ILLEGIBLE]

Title: _____

ASSIGNOR:

MCNIC EAST COAST PIPELINE COMPANY

By: /s/ Howard L. Dow III
Howard L. Dow III

Title: Sr. Vice President and Treasurer

NATURAL GAS DEVELOPMENT, INC.

By: /s/ [ILLEGIBLE]

Title: President

NORTHERN NEW ENGLAND INVESTMENT COMPANY, INC.

By: /s/ [ILLEGIBLE]

Title: Director

NI ENERGY SERVICES DEVELOPMENT CORP.

By: /s/ [ILLEGIBLE]

Title: Vice President

TCPL PORTLAND INC.

By: /s/ [ILLEGIBLE]

Title: Vice President

TCPL PORTLAND INC.

By: /s/ [ILLEGIBLE]

Title: Vice - President

EL PASO ENERGY PORTLAND CORPORATION

By: /s/ [ILLEGIBLE]

Title: Vice President

SCHEDULE A

NAMES OF PARTNER	PERCENTAGE INTEREST
TCPL Portland Inc.	21.41%
MCNIC East Coast Pipeline Company	16.41%
Natural Gas Development, Inc.	9.53%
NI Energy Services Development Corp.	9.53%
El Paso Energy Portland Corporation	19.06%
Northern New England Investment Company, Inc.	19.06%
Select Energy Portland Pipeline, Inc.	5.0%

Exhibit 10.4.7

EXECUTION COPY

PORTLAND NATURAL GAS TRANSMISSION SYSTEM PARTNERSHIP
ASSIGNMENT AND ASSUMPTION OF PARTNERSHIP INTEREST
AND AMENDMENT NUMBER 7 OF THE PNGTS PARTNERSHIP AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF PARTNERSHIP INTEREST AND AMENDMENT NUMBER 7 OF THE PNGTS PARTNERSHIP AGREEMENT made this 28th day of June, 2001 (this "Assignment"), is by and among PNGTS Holding Corp. (formerly known as NI Energy Services Development Corp), an Indiana corporation ("Holding Corp."), Natural Gas Development, Inc., a Massachusetts corporation ("NGDI") and Select Energy Portland Pipeline, Inc., a Connecticut corporation ("SEPPI" and together with NGDI and Holding Corp., collectively, the "Assignors"), MCNIC East Coast Pipeline Company ("MCN"), El Paso Energy Portland Corporation ("El Paso"), TCPL Portland Inc ("TCPL") and Northern New England Investment Company, Inc. ("Gaz Met" and together with TCPL and El Paso, collectively, the "Assignees") and Portland Natural Gas Transmission System, a Maine general partnership ("PNGTS" or the "Partnership").

RECITALS

WHEREAS, each of Holding Corp and NGDI is the owner of a 9.53% percentage interest in the Partnership and SEPPI is the owner of a 5% percentage interest in the Partnership and each is a party to the Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated as of March 1, 1996, as amended by First Amendment dated as of May 23, 1996 and as further amended by Amendment Number 2, dated as of October 23, 1996, Amendment Number 3, dated as of March 17, 1998, Amendment Number 4, dated as of March 31, 1998, Amendment Number 5, dated as of September 30, 1998, and Amendment Number 6, dated as of June 4, 1999 (as amended and as it may be amended from time to time, the "Partnership Agreement"), by and among MCN, Assignors and Assignees (collectively, the "Partners"), pursuant to which the Partners agreed, among other things, to continue PNGTS as a Maine general partnership, to construct and operate a natural gas pipeline from the U.S./Canadian border in New Hampshire to the vicinities of Haverhill and Dracut, Massachusetts, known as the Portland Natural Gas Transmission System;

WHEREAS, Holding Corp. desires to sell, assign, transfer and convey to the Assignees and each of the Assignees, with the exception of Gaz Met, desires to acquire a portion, and collectively, the Assignees, with the exception of Gaz Met, desire to acquire all of Holding Corp's right and interest in and to its 9.53% interest in the Partnership (the "Holding Corp. Partnership Interest") in accordance with and for the respective consideration set forth in the chart in the third recital below:

WHEREAS, NGDI desires to sell, assign, transfer and convey to the Assignees and each of the Assignees, with the exception of Gaz Met, desires to acquire a portion, and collectively, the Assignees, with the exception of Gaz Met, desire to acquire all of NGDI's right and interest in and to its 9.53% interest in the Partnership (the "NGDI Partnership Interest") in accordance with and for the respective consideration set forth in the chart below:

Company	Percentage of Holding Corp Partnership Interest	Percentage of NGDI Partnership Interest	Consideration
TCPL	52.91%	52.91%	$ 8,633,038.92
El Paso	47.09%	47.09%	$ 7,685,461.08
			$ 16,318,500.00

WHEREAS, SEPPI desires to sell, assign, transfer and convey to the Assignees and each of the Assignees desires to acquire a portion of SEPPI's right and interest in and to its 5.0% interest in the Partnership (the "SEPPI Partnership Interest") in accordance with and for the respective consideration set forth in the chart below:

Company	Percentage of SEPPI Partnership Interest	Consideration
TCPL	35.96%	$ 1,175,172.80
El Paso	32.02%	$ 1,046,413.60
Gaz Met	32.02%	$ 1,046,413.60
		$ 3,268,000.00

WHEREAS, the Management Committee has, by unanimous vote reflected in a written resolution signed by each Representative, consented to the transactions contemplated hereunder pursuant to Section 9.1.1 of the Partnership Agreement;

WHEREAS, Assignors desire to assign to Assignees, and each of the Assignees desires to assume, all of Assignors' liabilities and obligations with respect to the percentage of the Holding Corp. Partnership Interest, NGDI Partnership Interest and SEPPI Partnership Interest as set across from each Assignee's respective name in the tables above and as set forth in Section 2 below, under the Partnership Agreement, that certain Pledge Agreement dated as of June 3, 1998, as amended (as it may be from time to time further amended, modified or supplemented, the "Pledge Agreement") made by the Partners (excluding Gaz Met) to the Bank of Montreal as Collateral Agent (as defined in the PNGTS Credit Agreement defined below), and that certain Pledge Agreement dated as of June 3, 1998 (as it may be amended from time to time, the "Gaz Met Pledge Agreement") made by Gaz Metro Portland Corporation, a predecessor in interest to Gaz Met, to the Bank of Montreal as Collateral Agent (as defined in the PNGTS Credit Agreement defined below);

WHEREAS, NiSource Capital Markets, Inc. (formerly known as NIPSCO Capital Markets, Inc.) ("Capital Markets"), an affiliate of NGDI and Holding Corp., executed that certain Guaranty dated as of June 3, 1998 in favor of the Partnership ("Capital Markets Guaranty") in connection with that certain Equity Contribution Agreement dated as of June 3, 1998, as amended, between the Partners, the Partnership and the Bank of Montreal as Collateral Agent (as it may be from time to time further amended, modified or supplemented, the "Equity Contribution Agreement");

WHEREAS, Granite State Gas Transmission, Inc. ("Granite State"), an affiliate of NGDI and Holding Corp., executed that certain Guaranty dated as of June 3, 1998 in favor of the Partnership ("Granite State Guaranty") in connection with the Equity Contribution Agreement;

WHEREAS, Capital Markets has executed that certain Debt Service Reserve Guaranty dated as of February 22, 2000 in favor of the Partnership ("Debt Service Reserve Guaranty") and Capital Markets desires to be released from such Debt Service Reserve Guaranty;

WHEREAS, Northeast Utilities ("NU"), an affiliate of SEPPI, has executed that certain Guaranty dated as of June 4, 1999 in favor of the Partnership ("NU Guaranty") in connection with the Equity Contribution Agreement;

WHEREAS, NU has provided a Letter of Credit issued by Bank One, NA in connection with the Debt Service Reserve ("NU DSR LOC") dated as of March 13, 2000 in favor of the Partnership and NU desires to be released from such NU DSR LOC;

WHEREAS, NU has executed that certain Debt Service Reserve Guaranty dated as of February 22, 2000 in favor of the Partnership ("NU DSR Guaranty") and NU desires to be released from such NU DSR Guaranty; and

WHEREAS, the Partnership has approved the transactions contemplated by this Assignment and upon consummation thereof will accept the transfer of the Holding Corp. Partnership Interest, the NGDI Partnership Interest and the SEPPI Partnership Interest to Assignees pursuant to the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the mutual promises set forth herein, it is agreed as follows:

1. Definitions. Terms used but not defined herein (including in the recitals above) shall have the meanings assigned to such terms in the Partnership Agreement.

2. Assignment.

(a) Holding Corp and NGDI hereby sell, assign, transfer and convey to Assignees (with the exception of Gaz Met), their respective successors and assigns, the respective percentage of the Holding Corp. Partnership Interest and NGDI Partnership Interest, including all right and interest in and to the Partnership's assets, liabilities, rights to future profits, and management rights as such relate to such percentage of the Partnership Interest, which assignment shall be effective as of June 28, 2001 ("Effective Date"), for an aggregate consideration of $16,318,500 ("Purchase Price") in accordance with the chart set forth in the third recital above. Assignees (with the exception of Gaz Met) shall pay their portion of the Purchase Price by wire transfer to a bank account designated by Holding Corp. or NGDI (such designation to be made at least 5 business days prior to the Effective Date). The closing of this transaction shall take place at the offices of Schiff Hardin & Waite, 6600 Sears Tower, Chicago, Illinois at 10:00 a m. on the Effective Date.

(b) SEPPI hereby sells, assigns, transfers and conveys to Assignees, their respective successors and assigns, the respective percentage of the SEPPI Partnership Interest, including all right and interest in and to the Partnership's assets, liabilities, rights to future profits, and management rights as such relate to such percentage of the Partnership Interest, which assignment shall be effective as of the Effective Date, for an aggregate consideration of $3,268,000 ("SEPPI Purchase Price")

in accordance with the chart set forth in the fourth recital above. Assignees shall pay the portion of the SEPPI Purchase Price set forth opposite each Assignee's name in the table above by wire transfer to a bank account designated by SEPPI (such designation to be made at least 5 business days prior to the Effective Date). The closing of this transaction shall take place at the offices of Schiff Hardin & Waite, 6600 Sears Tower, Chicago, Illinois at 10:00 a.m. on the Effective Date.

3. Acceptance. Each Assignee, as it applies to such Assignee in accordance with Section 2 above, accepts the foregoing assignment and, on and after the Effective Date, agrees to be bound by all of the provisions of the Partnership Agreement, as amended and as further amended by this Assignment, and shall severally assume any and all liabilities and obligations of Holding Corp. with respect to the percentage of the Holding Corp. Partnership Interest acquired by such Assignee, any and all liabilities and obligations of NGDI with respect to the percentage of NGDI Partnership Interest acquired by such Assignee, and any and all liabilities and obligations of SEPPI with respect to the percentage of the SEPPI Partnership Interest acquired by such Assignee, under the Partnership Agreement, the Pledge Agreement and the Gaz Met Pledge Agreement, or in connection with these agreements or any other agreements entered into under the Partnership Agreement, including, but not limited to, any and all liabilities of the Partnership arising out of actions or failures to act on or prior to the Effective Date. Each Assignee, as it applies to such Assignee in accordance with Section 2 above, and PNGTS hereby agree that each Assignee's execution of this Assignment shall be treated as such Assignee's execution of a counterpart of the Partnership Agreement and on and after the Effective Date, each Assignee shall satisfy any and all obligations otherwise accruing to or presently the obligation of Assignors with respect to the percentage of the Partnership Interest acquired by such Assignee under or associated with the Credit Agreement dated April 24, 1998, among the Partnership, the Lenders named therein, the Bank of Montreal as LC Bank and Administrative Agent (the "Bank") and TD Securities (USA) Inc. as Co-Arrangers, as amended on September 30, 1998 and further amended on November 11, 1999 and February 28, 2001, and as the same may be further amended, modified, supplemented or restated from time to time ("PNGTS Credit Agreement").

4. [Intentionally omitted]

5. Representations and Warranties of Assignors. Each Assignor, with respect to itself only, makes no representations or warranties of any kind with respect to this Assignment, except as follows:

(a) Assignor is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation and is duly qualified to do business and is in good standing in each other jurisdiction where the performance of its obligations therein makes such qualification necessary;

(b) Assignor has the power and authority to execute and deliver this Assignment and to consummate the transactions contemplated hereby. The execution and delivery by each Assignor of this Assignment, and the consummation by each Assignor of the transactions contemplated

by this Assignment have been duly authorized by all necessary corporate action and do not require the consent or authorization of any governmental entity or other person. This Assignment (including the sale and purchase of the Partnership Interests contemplated by this Assignment) has been duly executed and delivered and constitutes the legal, valid and binding

obligation of each Assignor enforceable in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the availability of equitable remedies;

(c) Assignor owns its respective Partnership Interest free from any liens, claims, encumbrances and rights of any person or party, other than the security interest created by the Pledge Agreement, and the assignment of the Partnership Interest, including compliance with any of the terms and provisions of this Assignment, will not breach any rights of any person or party under any agreement, including but not limited to the Partnership Agreement, the Equity Contribution Agreement or the Pledge Agreement;

(d) The assignment of each Assignor's Partnership Interest and the execution and delivery of this Assignment together with the consummation by the Assignors of the transactions contemplated by this Assignment will not violate any provision of their respective corporate organizational documents or violate any law, rule or regulation to which the Partnership or Assignors are subject; and

(e) None of the Assignors has materially breached any of its respective obligations under the Partnership Agreement, the Equity Contribution Agreement, the Pledge Agreement, the Gaz Met Pledge Agreement, the PNGTS Credit Agreement or any other agreement entered into under the Partnership Agreement and no person has any agreement, option, understanding or commitment or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming any agreement, option or commitment, including convertible securities, warrants or convertible obligations of any nature for the purchase and sale of any Assignor's Partnership Interest.

(f) After giving effect thereto, the transactions contemplated by this Assignment do not and will not constitute an Event of Default (as defined in the PNGTS Credit Agreement) under the PNGTS Credit Agreement.

6. Representations and Warranties of Assignees. Each Assignee, as it applies to such Assignee in accordance with Section 2 above, with respect to itself only and with respect to this Assignment, makes no representations or warranties of any kind, except as follows:

(a) Assignee is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated and is duly qualified to do business and is in good standing in each jurisdiction where the performance of its obligations therein makes such qualification necessary;

(b) Assignee has the power and authority to execute and deliver this Assignment and to consummate the transactions contemplated hereby The execution and delivery by Assignee of this Assignment, and the consummation by Assignee of the transactions contemplated by this Assignment have been duly authorized by all necessary corporate action and do not require the consent or authorization of any governmental entity or other person. This Assignment has been duly executed and delivered and constitutes the legal, valid and binding obligation of Assignee enforceable in accordance with its terms, except as the same may be limited by

applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the availability of equitable remedies;

(c) The assumption of the Holding Corp Partnership Interest, the NGDI Partnership Interest and the SEPPI Partnership Interest, and the execution and delivery of this Assignment together with the consummation by Assignee of the transactions contemplated by this Assignment will not violate any provision of its corporate organizational documents or violate any law, rule or regulation to which the Partnership or Assignee is subject; and

(d) Assignee hereby repeats the representations set forth in Section 2.6.1 and Section 2.6.2(b) of the Partnership Agreement to PNGTS.

7. Acceptance by PNGTS. The Partnership accepts each Assignee as a partner in the Partnership for the additional percentage of the Partnership acquired by each Assignee hereby. The Partnership (i) agrees to the assumption of liability to the extent of the percentage of the Holding Corp. Partnership Interest, the NGDI Partnership Interest and the SEPPI Partnership Interest acquired by each Assignee, as it applies to such Assignee in accordance with Section 2 above, from and after the Effective Date, (ii) releases Holding Corp. from its obligations with respect to the Holding Corp. Partnership Interest, releases NGDI from its obligations with respect to the NGDI Partnership Interest and releases SEPPI from its obligations with respect to the SEPPI Partnership Interest and (iii) agrees henceforth to look to the Assignees to satisfy any and all obligations and/or liabilities (including, but not limited to, any and all liabilities of the Partnership arising out of actions or failures to act on or prior to the Effective Date) otherwise accruing to (or presently the obligation of) Holding Corp with respect to the Holding Corp. Partnership Interest, NGDI with respect to the NGDI Partnership Interest or SEPPI with respect to the SEPPI Partnership Interest. Each Assignee and the Partnership agree that the Partnership Agreement is hereby amended by substituting Schedule A attached hereto for the same schedule currently attached to the Partnership Agreement.

8. Consents and Approvals. As of the Effective Date, (a) this Assignment shall have received any necessary approval of the Bank (acting with the consent of the Majority Lenders) under the PNGTS Credit Agreement and (b) the Bank (acting with the consent of the Majority Lenders) shall have released (i) Capital Markets from the Debt Service Reserve Guaranty (except the obligations under Section 2 thereof) and (ii) NU from the NU DSR Guaranty (except the obligations under Section 2 thereof), and the NU DSR LOC. On the Effective Date or promptly thereafter, the Bank shall have filed UCC termination statements releasing its lien with respect to each Assignor's interests in the Collateral (as defined in the Pledge Agreement) in all jurisdictions where the Bank has filed UCC-1 financing statements with respect to the Bank's lien with respect to each Assignor's interests in the Collateral (as defined in the Pledge Agreement) pursuant to the PNGTS Credit Agreement.

9. Release and Termination of Certain Agreements Related to the PNGTS Credit Agreement. As of the Effective Date, the Partnership hereby releases (i) Capital Markets from any and all of its obligations under the Debt Service Reserve Guaranty (except the obligations under Section 2 thereof) and (ii) NU from any and all of its obligations under the NU DSR Guaranty (except the obligations under Section 2 thereof) and the NU DSR LOC. The Partnership agrees that each of the Equity Contribution Agreement (except the obligations under Section 9 thereof), the Capital Markets Guaranty (except the obligations under Section 2 thereof), the Granite State Guaranty (except the obligations under Section 2 thereof), the NU

Guaranty (except the obligations under Section 2 thereof), the Guaranty dated as of June 3, 1998 between MCN Energy Enterprises, Inc (formerly known as MCN Investment Corporation) and the Partnership (except the obligations under Section 2 thereof), the Guaranty dated as of June 3, 1998 between El Paso Natural Gas Company and the Partnership (except the obligations under Section 2 thereof), the Guaranty dated as of June 3, 1998 between TransCanada PipeLines Limited, TransCanada PipeLine USA Ltd. and the Partnership (except the obligations under Section 2 thereof), and the Guaranty dated as of June 3, 1998 between Gaz Métropolitain and Company, Limited Partnership and the Partnership (except the obligations under Section 2 thereof) has terminated in accordance with its terms and the parties thereto are no longer obligated thereunder except as set forth in the specific aforementioned sections of such agreements

10. Indemnity. Each Assignee (with the exception of Gaz Met) shall indemnify and hold Holding Corp. harmless against any and all losses, costs, and expenses (including, without limitation, reasonable attorneys' fees) and liabilities incurred by Holding Corp in connection with or arising in any manner from such Assignee's failure to (i) lawfully acquire, in the manner contemplated herein, the percentage of the Holding Corp. Partnership Interest sought to be acquired by such Assignee hereby, other than any failure occasioned by Holding Corp.'s breach of any representation or warranty made pursuant to Section 5, or(ii) discharge any liabilities assumed under this Assignment. Each Assignee (with the exception of Gaz Met) shall indemnify and hold NGDI harmless against any and all losses, costs, and expenses (including, without limitation, reasonable attorneys' fees) and liabilities incurred by NGDI in connection with or arising in any manner from such Assignee's failure to (i) lawfully acquire, in the manner contemplated herein, the percentage of the NGDI Partnership Interest sought to be acquired by such Assignee hereby, other than any failure occasioned by NGDI's breach of any representation or warranty made pursuant to Section 5, or (ii) discharge any liabilities assumed under this Assignment. Each Assignee shall indemnify and hold SEPPI harmless against any and all losses, costs, and expenses (including, without limitation, reasonable attorneys' fees) and liabilities incurred by SEPPI in connection with or arising in any manner from such Assignee's failure to (i) lawfully acquire, in the manner contemplated herein, the percentage of the SEPPI Partnership Interest sought to be acquired by such Assignee hereby, other than any failure occasioned by SEPPI's breach of any representation or warranty made pursuant to Section 5, or (ii) discharge any liabilities assumed under this Assignment.

11. Tax Matters Partner. Effective as of the Effective Date, MCN shall be appointed as the Tax Matters Partner of the Partnership for the years 1995-2000 and thereafter and shall serve in that capacity in accordance with Section 6.12 of the Partnership Agreement. On or subsequent to the Effective Date, the Partnership shall file a statement with the Internal Revenue Service with respect to the Partnership's appointment of MCN as the Tax Matters Partner for the years 1995-2000 and thereafter effective as the Effective Date and deliver a copy of such statement to Holding Corp. Effective as of the Effective Date, NGDI resigns as the Tax Matters Partner and shall file a statement with the Internal Revenue Service with respect to such resignation.

12. Effect on Partnership Agreement. Except as expressly set forth herein, the Partnership Agreement and all of the representations, warranties, covenants and agreements contained therein remain in full force and effect for the benefit of the parties thereto and hereto and their successors and assigns.

13. Allocation of Profits, Losses and Distributions. All income, gain, credit, deduction, profit and loss of the Partnership for the fiscal year ending December 31, 2001 and allocable to any Partner's Percentage interest acquired pursuant to the transfers effected by this Assignment and any distributions made with respect thereto shall be allocated among the Assignors and the Assignors on a pro rata basis based on percentage ownership (i) in inspect of the portion of the fiscal year of the Partnership ending on the Effective Date of the Assignment, to the respective Assignor, and (ii) in respect of subsequent periods, to the respective Assignees Allocation of profits, losses and distributions under this Section 13 shall be made within sixty (60) days following December 31, 2001.

14. Miscellaneous. All of the covenants, terms, and conditions set forth herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Assignment shall be governed by and construed in accordance with the laws of the State of Maine, without giving effect to the conflict of laws principles thereof. Each of the parties hereto hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Assignment or the transactions contemplated hereby. Each of the parties hereto will perform and cause to be performed such further acts and execute and deliver or cause to be executed and delivered such further documents as may be reasonably necessary or desirable to carry out the terms and intent of this Assignment. The parties hereto agree not to disclose to any non-affiliated third party (other than as may be required by law) the Purchase Price without the consent of the other parties hereto. The recitals hereto are incorporated into this Assignment.

15. Counterparts. This Assignment may be executed in any number of counterparts, including facsimile counterparts with originals to follow, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Assignment by signing any such counterpart.

[Signature pages follow]

IN WITNESS WHEREOF, PNGTS (through its Partners), MCN, Assignors and each Assignee have executed this Assignment as of the date and year first above written.

MCNIC EAST COAST PIPELINE COMPANY

By: /s/ Steven E. Kurmas
Name: Steven E. Kurmas
Title: President

APPROVED
AS TO FORM
/s/ [ILLEGIBLE]

ASSIGNORS:

PNGTS HOLDING CORP.

By: /s/ Glen L. Kettering
Name: Glen L. Kettering
Title: President

NATURAL GAS DEVELOPMENT, INC.

By: /s/ Glen L. Kettering
Name: Glen L. Kettering
Title: President

SELECT ENERGY PORTLAND PIPELINE, INC.

By: /s/ Gary D. Simon
Name: Gary D. Simon
Title: Senior Vice President-Enterprise Development and Analysis - Northeast Utilities Service Company, agent for the above

ASSIGNEE PARTNERS:

EL PASO ENERGY PORTLAND CORPORATION

By: /s/ Grey G. Gruber
Name: Grey G. Gruber
Title: Senior Vice President

NORTHERN NEW ENGLAND INVESTMENT COMPANY, INC.

By: /s/ Jacques Charron
Name: Jacques Charron
Title: Vice President

By: /s/ Pierre Despars
Name: Pierre Despars
Title: Vice President, Corporate & Legal Affairs

TCPL PORTLAND INC.

By: /s/ Paul E. MacGregor
Name: Paul E. MacGregor
Title: V-P

By: /s/ Gary G. Penrose
Name: Gary G. Penrose
Title: V-P, Taxation

The undersigned hereby guarantees the representations and warranties of Holding Corp and NGDI set forth in Section 5 of this Assignment, and agrees to indemnify and hold harmless each of the Assignees from and against all liability, demands, claims, actions or causes or action, losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) asserted against or incurred by any Assignee as a result of or

arising out of (i) a breach of any representation or warranty by Holding Corp or NGDI contained in Section 5 of this Assignment or (ii) a breach of any agreement or covenant of Holding Corp or NGDI in this Assignment

In connection with the foregoing guaranty, the undersigned waives any requirement that the Assignees exhaust any rights or take any action against Holding Corp and NGDI The foregoing guaranty is intended for the sole benefit of the Assignees and shall not be construed to confer any rights in favor of any third parties against the undersigned.

NISOURCE CAPITAL MARKETS, INC.

By: /s/ Michael W. O'Donnell
Name: Michael W. O'Donnell
Title: President

The undersigned hereby guarantees the representations and warranties of SEPPI set forth in Section 5 of this Assignment, and agrees to indemnify and hold harmless each of the Assignees from and against all liability, demands, claims, actions or causes or action, losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) asserted against or incurred by any Assignee as a result of or arising out of (i) a breach of any representation or warranty by SEPPI contained in Section 5 of this Assignment or (ii) a breach of any agreement or covenant of SEPPI in this Assignment.

In connection with the foregoing guaranty, the undersigned waives any requirement that the Assignees exhaust any rights or take any action against SEPPI. The foregoing guaranty is intended for the sole benefit of the Assignees and shall not be construed to confer any rights in favor of any third parties against the undersigned

No Trustee or shareholder of the undersigned shall be held to any liability whatever for any obligation under the foregoing guarantee, and the foregoing guarantee shall not be enforceable against any such Trustee in their or his or her individual capacities or capacity. The foregoing guarantee shall be enforceable against the Trustees of the undersigned only as such, and every person, firm, association, trust or corporation having any claim or demand arising under the foregoing guarantee and relating to the undersigned, its shareholders or Trustees shall look solely to the trust estate of the undersigned for the payment or satisfaction thereof

NORTHEAST UTILITIES

By: /s/ David R McHale
Name: David R McHale
Title: Vice President and Treasurer

Name:
Title:

The undersigned hereby acknowledges and agrees to the foregoing and agrees that despite the language set forth in Section 7 of the Debt Service Reserve Guaranty dated as of February 22, 2000 between MCN Energy Enterprises, Inc and PNGTS ("MCN Energy DSR Guaranty"), the MCN Energy DSR Guaranty shall remain in full force and effect and that this Assignment shall, for purposes of Section 10 thereof, constitute a replacement guaranty

MCN ENERGY ENTERPRISES, INC.,
(formerly known as MCN Investment Corporation)

By: /s/ Daniel L. Schiffer
Name: Daniel L. Schiffer
Title: Associate General Counsel

The undersigned hereby jointly and severally acknowledge and agree to the foregoing and agree that despite the language set forth in Section 7 of the Debt Service Reserve Guaranty dated as of February 22, 2000 between TransCanada PipeLines Limited, TransCanada PipeLine USA Ltd and PNGTS ("TransCanada PipeLines DSR Guaranty"), the TransCanada PipeLines DSR Guaranty shall remain in full force and effect and that this Assignment shall, for purposes of Section 10 thereof, constitute a replacement guaranty. The undersigned hereby jointly and severally agree to the assumption of (i) 52.91% of the Debt Service Reserve Account obligations under Section 7.01 (m) of the PNGTS Credit Agreement of NGDI, (ii) 52.91% of the Debt Service Reserve Account obligations under Section 7.01(m) of the PNGTS Credit Agreement of Holding Corp. and (iii) 35.96% of the Debt Service Reserve Account obligations under Section 7.01 (m) of the PNGTS Credit Agreement of SEPPI

TRANSCANADA PIPELINES LIMITED

By: /s/ Gary G. Penrose
Name: Gary G. Penrose
Title: V-P, Taxation

By: /s/ Donald R. Marchand
Name: Donald R. Marchand

TRANSCANADA PIPELINE USA LTD.

By: /s/ Gary G. Penrose
Name: Gary G. Penrose
Title: V-P, Taxation

By: /s/ Donald R. Marchand
Name: Donald R. Marchand

Title: V-P, Finance Title: V-P, Finance

The undersigned hereby acknowledges and agrees to the foregoing and agrees that despite the language set forth in Section 7 of the Debt Service Reserve Guaranty dated as of February 22, 2000 between EI Paso Corporation (formerly named EI Paso Energy Corporation) and PNGTS ("EI Paso DSR Guaranty"), the EI Paso DSR Guaranty shall remain in full force and effect and that this Assignment shall, for purposes of Section 10 thereof, constitute a replacement guaranty The undersigned hereby agrees to the assumption of (i) 47.09% of the

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Debt Service Reserve Account obligations under Section 7.01 (m) of the PNGTS Credit Agreement of NGDI, (ii) 47.09% of the Debt Service Reserve Account obligations under Section 7.01 (m) of the PNGTS Credit Agreement of Holding Corp., and (iii) 32.02% of the Debt Service Reserve Account obligations under Section 7.01 (m) of the PNGTS Credit Agreement of SEPPI

EL PASO CORPORATION

By: /s/ Jeffrey I. Beason
Name: Jeffrey I. Beason
Title: Senior Vice President

The undersigned hereby acknowledges and agrees to the foregoing and agrees that despite the language set forth in Section 7 of the Debt Service Reserve Guaranty dated as of February 22, 2000 between Gaz Métropolitan and Company, Limited Partnership and PNGTS ("Gaz Met DSR Guaranty"), the Gaz Met DSR Guaranty shall remain in full force and effect and this Assignment shall, for purposes of Section 10 thereof, constitute a replacement guaranty The undersigned hereby agrees to the assumption of 32.02% of the Debt Service Reserve Account obligations under Section 7.01 (m) of the PNGTS Credit Agreement of SEPPI.

GAZ MÉTROPOLITAIN AND COMPANY, LIMITED PARTNERSHIP

By: /s/ Jacques Charron
Name: Jacques Charron
Title: Vice President

By: /s/ Pierre Despars
Name: Pierre Despars
Title: Vice President, Corporate & Legal Affairs

The undersigned, solely after the execution and delivery by the Partners of this Assignment and the execution and delivery by TransCanada PipeLines Limited, TransCanada PipeLine USA Ltd., El Paso Corporation and Gaz Métropolitan and Company, Limited Partnership (collectively, the "Assignee Sponsors") of (i) the foregoing acknowledgements and agreements and (ii) the opinions required by each Assignee Sponsor in connection with such Assignee Sponsor's assumption of additional Debt Service Reserve Account obligations under Section 7.01 (m) of the PNGTS Credit Agreement, hereby agrees that each of the Equity Contribution Agreement (except the obligations under Section 9 thereof), the Capital Markets Guaranty (except the obligations under Section 2 thereof), the Granite State Guaranty (except the obligations under Section 2 thereof), the NU Guaranty (except the obligations under Section 2 thereof), the Guaranty dated as of June 3, 1998 between MCN Energy Enterprises, Inc., (formerly known as MCN Investment Corporation) and the Partnership (except the obligations under Section 2 thereof), the Guaranty dated as of June 3, 1998 between EI Paso Natural Gas Company and the Partnership, the Guaranty dated as of June 3, 1998 between TransCanada PipeLines Limited, TransCanada PipeLine USA Ltd., Limited and the Partnership (except the obligations under Section 2 thereof), and the Guaranty dated as of June 3, 1998 between Gaz Métropolitan and Company, Limited Partnership and the Partnership (except the obligations under Section 2 thereof) has terminated in accordance with its terms and the parties thereto are no longer obligated thereunder except as set forth in the specific aforementioned provisions of such agreements.

BANK OF MONTREAL, as Collateral Agent
(as defined in the PNGTS Credit Agreement)

By: /s/ Thomas H. Peer
Name: Thomas H. Peer
Title: Director

SCHEDULE A

PARTNERS	PERCENTAGE INTEREST
TCPL Portland inc	33.29%
MCNIC East Coast Pipe Company	16.41%
EI Paso Energy Portland Corporation	29.64%
Northern New England Investment Company, Inc	20.66%

Exhibit 10.4.8

Execution Version

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

EIGHTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT

THIS EIGHTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT (this "Eighth Amendment") is entered into as of the 29th day of September, 2003 by and among TCPL Portland Inc., a Delaware corporation, ("TCPL Portland"), El Paso Energy Portland Corporation, a Delaware corporation, ("El Paso Portland") and Northern New England Investment Company, Inc., a Vermont corporation, ("NNEIC").

WHEREAS, TCPL Portland, El Paso Portland and NNEIC currently constitute all of the partners (the "Current Partners") in Portland Natural Gas Transmission System, a Maine general partnership, (the "Partnership") and are the remaining parties to the Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated as of March 1, 1996, as amended by the First Amendment thereto, dated as of May 23, 1996, the Second Amendment thereto, dated as of October 23, 1996, the Third Amendment thereto, dated as of March 17, 1998, the Fourth Amendment thereto, dated as of March 31, 1998, the Fifth Amendment thereto, dated as of September 30, 1998, the Sixth Amendment thereto, dated as of June 4, 1999, and the Seventh Amendment thereto, dated as of June 28, 2001 (as amended, the "Partnership Agreement"); and

WHEREAS, effective as of the date hereof, DTE East Coast Pipeline Company, a Michigan corporation, ("DTE East Coast") assigned and transferred 10.13% of its 16.41% Percentage Interest in the Partnership to TCPL Portland pursuant to an Agreement for Purchase of Partnership Interest and an Assignment and Assumption Agreement each dated effective as of the date hereof (herein collectively referred to as the "TCPL Purchase Agreements"); and

WHEREAS, effective as of the date hereof, DTE East Coast assigned and transferred the balance of its Percentage Interest in the Partnership, representing a 6.28% Percentage Interest, to NNEIC pursuant to an Agreement for Purchase of Partnership Interest and an Assignment and Assumption Agreement each dated effective as of the date hereof (herein collectively referred to as the "NNEIC Purchase Agreements"); and

WHEREAS, DTE East Coast has resigned as tax matters partner for the Partnership; and

WHEREAS, pursuant to a Unanimous Written Consent of the Management Committee of Portland Natural Gas Transmission System dated as of September 26, 2003, the Management Committee, among other things, unanimously approved the assignment and transfer by DTE East Coast of its Percentage Interest to TCPL Portland and NNEIC as set above; and

WHEREAS, the Current Partners wish to amend the Partnership Agreement to reflect the foregoing transactions and events.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, it is agreed as follows:

1. Definitions. Capitalized terms used but not defined in this Eighth Amendment (including in the recitals above) shall have the meanings assigned to such terms in the Partnership Agreement.

2 Revised Percentage Interests. The Current Partners agree that the Partnership Agreement is hereby amended by substituting Schedule A attached hereto for the same schedule currently attached to the Partnership Agreement.

3. Tax Matters Partner. Effective as of the date hereof, TCPL Portland is appointed as the Tax Matters Partner of the Partnership and shall serve in that capacity in accordance with Section 6.12 of the Partnership Agreement and the Partnership is authorized to file a statement with the Internal Revenue Service in respect of such appointment.

4. Allocation of Profits, Losses and Distributions. The Current Partners hereby waive the provisions of Section 9.6 and Section 9.7 of the Partnership Agreement to the extent necessary to give effect to the transfers and assignments contemplated in the TCPL Purchase Agreements and the NNEIC Purchase Agreements

5. Effect on Partnership Agreement. Except as expressly set forth herein, the Partnership Agreement and all of the representations, warranties, covenants and agreements contained therein remain in full force and effect for the benefit of the parties thereto and hereto, and their permitted successors and assigns.

6. Counterparts. This Eighth Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signatures of the parties appear on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Eighth Amendment to be executed and attested by their duly authorized representatives effective as of the date first set forth above

TCPL PORTLAND INC.

By: /s/ [ILLEGIBLE]

Title: President

By: /s/ [ILLEGIBLE]

Title: Vice President Taxation

EL PASO ENERGY PORTLAND CORPORATION

By: /s/ [ILLEGIBLE]

Title: Vice President

NORTHERN NEW ENGLAND INVESTMENT COMPANY, INC.

By: /s/ [ILLEGIBLE]

Title: President

SCHEDULE A

EIGHTH AMEDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT

Partners	Percentage Interest
TCPL Portland Inc.	43.42%
El Paso Energy Portland Corporation	29.64%
Northern New England Investment Company, Inc.	26.94%

Exhibit 10.4.9

TRANSCANADA'S COPY

Execution Version

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

NINTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT

THIS NINTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT (this "Ninth Amendment") is entered into as of the 3rd day of December, 2003, by and among **TCPL Portland Inc.,** a Delaware corporation ("TCPL Portland") and **Northern New England Investment Company, Inc.,** a Vermont corporation, ("NNEIC")

WHEREAS, TCPL Portland and NNEIC currently constitute all of the partners (the "Current Partners") in Portland Natural Gas Transmission System, a Maine general partnership, (the "Partnership") and are the remaining parties to the Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated as of March 1, 1996, as amended by the First Amendment thereto, dated as of May 23, 1996, the Second Amendment thereto, dated as of October 23, 1996, the Third Amendment thereto, dated as of March 17, 1998, the Fourth Amendment thereto, dated as of March 31, 1998, the Fifth Amendment thereto, dated as of September 30, 1998, the Sixth Amendment thereto, dated as of June 4, 1999, the Seventh Amendment thereto, dated as of June 28, 2001, and the Eighth Amendment thereto, dated as of September 29, 2003 (as amended, the "Partnership Agreement"); and

WHEREAS, effective as of September 30, 2003 (the "Effective Date"), El Paso Energy Portland Corporation, a Delaware corporation, ("El Paso Portland") assigned and transferred 61.71% of its total 29.64% Percentage Interest, constituting 18.29% of the Percentage Interest in the Partnership to TCPL Portland pursuant to an Agreement for Purchase of Partnership Interest and an Assignment and Assumption Agreement (herein collectively referred to as the "TCPL Purchase Agreements"); and

WHEREAS, effective as of the Effective Date, El Paso Portland assigned and transferred 38.29% of its 29.64% Percentage Interest, constituting 11.35% of the Percentage Interest in the Partnership, to NNEIC pursuant to an Agreement for Purchase of Partnership Interest and an Assignment and Assumption Agreement (herein collectively referred to as the "NNEIC Purchase Agreements"); and

WHEREAS, pursuant to a Unanimous Written Consent of the Management Committee of Portland Natural Gas Transmission System dated as of November 19, 2003, the Management Committee, among other things, unanimously approved the assignment and transfer by El Paso Portland of its Percentage Interest to TCPL Portland and NNEIC as set above; and

WHEREAS, the Current Partners wish to amend the Partnership Agreement to reflect the foregoing transactions and events.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, it is agreed as follows:

1. Definitions. Capitalized terms used but not defined in this Ninth Amendment (including in the recitals above) shall have the meanings assigned to such terms in the Partnership Agreement.

2. Revised Percentage Interests. The Current Partners agree that, as of the Effective Date, the Partnership Agreement is hereby amended by substituting Schedule A attached hereto for the same schedule currently attached to the Partnership Agreement

3. Allocation of Profits, Losses and Distributions. The Current Partners herein waive the provisions of Section 9.6 and Section 9.7 of the Partnership Agreement to the extent necessary to give effect to the transfers and assignments contemplated in the TCPL Purchase Agreements and the NNEIC Purchase Agreements.

4. Effect on Partnership Agreement. Except as expressly set forth herein, the Partnership Agreement and all of the representations, warranties, covenants and agreements contained therein remain in full force and effect for the benefit of the parties thereto and hereto, and their permitted successors and assigns.

5. Counterparts. This Ninth Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signatures of the parties appear on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Ninth Amendment to be executed and attested by their duly authorized representatives effective as of the date first set forth above.

TCPL PORTLAND INC.

By: /s/ Ron Cook
RON COOK

Title: VICE PRESIDENT - TAXATION Law /s/ [ILLEGIBLE]

By: /s/ Craig Frew
Craig Frew

Title: President

NORTHERN NEW ENGLAND INVESTMENT COMPANY, INC.

By: /s/ [ILLEGIBLE]

Title: Director NNEIC

SCHEDULE A

NINTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT

Partners	New Percentage Interests
TCPL Portland Inc.	61.71%
Northern New England Investment Company, Inc.	38.29%
Total	100%

Execution Version

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

TENTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT

THIS TENTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT (this "**Tenth Amendment**") is entered into as of the 11th day of February, 2005 by and among TCPL Portland Inc., a Delaware corporation, **(**"**TCPL Portland**") and Northern New England Investment Company, Inc., a Vermont corporation, ("**NNEIC**").

WHEREAS, TCPL Portland and NNEIC currently constitute all of the partners (the "**Current Partners**") in Portland Natural Gas Transmission System, a Maine general partnership, (the "**Partnership**") and are the remaining parties to the Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated as of March 1, 1996, as amended by the First Amendment thereto, dated as of May 23, 1996, the Second Amendment thereto, dated as of October 23, 1996, the Third Amendment thereto, dated as of March 17, 1998, the Fourth Amendment thereto, dated as of March 31, 1998, the Fifth Amendment thereto, dated as of September 30, 1998, the Sixth Amendment thereto, dated as of June 4, 1999, the Seventh Amendment thereto, dated as of June 28, 2001, the Eighth Amendment thereto, dated as of September 29, 2003 and the Ninth Amendment thereto, dated as of December 3, 2003 (as amended, the "**Partnership Agreement**"); and

WHEREAS, the Current Partners wish to amend the Partnership Agreement in respect of certain obligations of the Partners to make Capital Contributions to fund certain Incremental Expansions and in respect of the timing of Management Committee meetings.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, it is agreed as follows:

1. Definitions. Capitalized terms used but not defined in this Tenth Amendment (including in the recitals above) shall have the meanings assigned to such terms in the Partnership Agreement

2. Capital Contribution for Incremental Expansion. Article 3 of the Partnership Agreement is amended as follows:

   (a) § 3.2.2 is amended by adding the following words to the beginning of the second sentence thereof, "Subject to the terms of § 3.6,".

   (b) § 3.2.3 is amended by adding the following words at the beginning thereof, "Subject to the terms of § 3.6,"

   (c) The following § 3.6 is hereby added:

"3.6 Right to Decline to Make Certain Capital Contributions.

3.6.1. Declining Partner; Qualifying Incremental Expansions. Notwithstanding any other provision in this Article 3 to the contrary, in the event that the Management Committee requires a Capital Contribution from any Partner pursuant to §§ 3.2.2, 3.2.3 or 3.3.1 which is related to an Incremental Expansion where the estimated cost of such Incremental Expansion, as established by the Operator in accordance with § 2.11.2, exceeds Twenty-Five Million Dollars U.S. ($25,000,000 U.S.) (a "**Qualifying Incremental Expansion**"), any Partner whose representative on the Management Committee has not voted in favour of the development or the construction of the proposed Qualifying Incremental Expansion pursuant to the terms of §§ 2.11.3 or 2.12.2, as the case may be, shall be entitled to decline making any Capital Contribution related to the Qualifying Incremental Expansion and such election shall be binding on the Partners and the Partnership. Any such Partner exercising its right to decline to make such Capital Contribution for a Qualifying Incremental Expansion shall be referred to herein as a "**Declining Partner**" A Partner shall give written notice (a "**Decline Notice**") of its intent to be a Declining Partner to the Partnership and the other Partner(s) within thirty (30) days following the date of any decision of the Management Committee, if a Representative (or Alternate Representative) of the Declining Partner attended the Management Committee meeting, or thirty (30) days from receipt of a copy of the minutes at such meeting, if no Representative (or Alternate Representative) of the Declining Partner attended such meeting, to proceed with the development or the construction, as the case may be, of a Qualifying Incremental Expansion. A Partner that fails to deliver a Decline Notice as stipulated herein shall be deemed to have waived its rights to be a Declining Partner in respect of such Qualifying Incremental Expansion.

3.6.2 Rights and Obligations of Declining Partner. Notwithstanding any provisions in this Agreement to the contrary, a Declining Partner shall have no obligation to become an obligor, surety or guarantor of or with respect to any financing arranged by the Partnership in connection with such Qualifying Incremental Expansion, nor shall it be required to provide any collateral or security in connection with any such obligation, surety or guarantee. For the avoidance of doubt, to the extent that the Partnership or' the participating Partner(s) incur any costs, obligations or liabilities related to a Qualifying Incremental Expansion, the Partner(s) agree that the participating Partner(s) and the Partnership shall have no recourse against the Declining Partner to require a Capital Contribution from the Declining Partner. A Declining Partner shall not, as a result of its decision to decline to make a Capital Contribution as permitted in this § 3.6, be deemed a Defaulting Partner or a Withdrawn Partner, as defined in this Agreement, nor shall the Partner's election to become a Declining Partner in any way be construed as a breach of this Agreement, nor deprive any Partner of any right hereunder, except as specifically set forth in this Agreement.

3.6.3 Dilution of Declining Partner. If the participating Partner(s) provides the Capital Contribution for a Qualifying Incremental Expansion which the Declining Partner has elected not to provide, then the Percentage Interest of the Declining Partner shall be diluted as provided hereunder upon receipt by the Partnership of each Capital Contribution made in accordance with §§ 3.2.2, 3.2.3 or 3.3.1 from the participating Partner(s). The Percentage Interest of the Declining Partner shall be reduced and the Percentage Interest of the participating Partner(s) increased, each on a dollar-for-dollar basis, based on the Capital Accounts of each Partner after giving effect to each Capital

Contribution by the participating Partner(s) in connection with the Qualifying Incremental Expansion. For greater certainty, the adjusted Percentage Interest of the participating Partner(s) shall be that percentage derived from a fraction, the numerator of which shall be the Capital Account of the participating Partner(s) and the denominator of which shall be the aggregate of the Capital Accounts of all Partner(s), where each of the numerator and denominator shall include the contribution(s) made by the participating Partner(s) to fund the Capital Contribution which was declined by the Declining Partner The adjusted Percentage Interest of the Declining Partner shall be that percentage derived from a fraction, the numerator of which shall be the Capital Account of the Declining Partner and the denominator of which shall be the aggregate of the Capital Accounts of all Partners, where the denominator shall include the contribution(s) made by the participating Partner(s) to fund the Capital Contribution which was declined by the Declining Partner. The total of the Percentage Interests will equal 100%. For illustrative purposes only, if Partner A's Capital Account sits at $300 and Partner's B's Capital Account sits at $200, the respective Percentage Interests would be 300/500 = 60% for Partner A and 200/500 = 40% for Partner B. If Partner B elects not to participate in an Incremental Expansion that costs $100 and Partner A elects to contribute Partner B's share, the resulting adjusted Percentage Interests will be as follows; Partner A — 400/600 = 66 2/3%, and Partner B — 200/600 = 33 1/3%.

3. Management Committee Meetings. The first sentence of § 7.2.3 is amended to read as follows:

> "The Chairman shall preside at all meetings of the Management Committee, which shall meet at least quarterly unless the Management Committee, by unanimous consent, determines otherwise in writing."

4. Effect on Partnership Agreement. Except as expressly set forth herein, the Partnership Agreement and all of the representations, warranties, covenants and agreements contained therein remain in full force and effect for the benefit of the parties thereto and hereto, and their permitted successors and assigns.

5. Counterparts. This Tenth Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Tenth Amendment to be executed and attested by their' duly authorized representatives effective as of the date first set forth above.

TCPL PORTLAND INC.

By: /s/ Craig R. Frew

Title: Craig R. Frew, President

LEGAL /s/ [ILLEGIBLE]

CONTENT

By: /s/ Ron Cook
RON COOK

Title: VICE PRESIDENT - TAXATION

NORTHERN NEW ENGLAND INVESTMENT COMPANY, INC.

By: /s/ [ILLEGIBLE]

Title: President

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

ELEVENTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT

THIS ELEVENTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT (this "**Eleventh Amendment**") is entered into as of the 17th day of March, 2008 by and among TCPL Portland Inc., a Delaware corporation, ("**TCPL Portland**") and Northern New England Investment Company, Inc., a Vermont corporation, ("**NNEIC**").

WHEREAS, TCPL Portland and NNEIC currently constitute all of the partners (the "**Current Partners**") in Portland Natural Gas Transmission System, a Maine general partnership, (the "**Partnership**") and are the remaining parties to the Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated as of March 1, 1996, as amended by the First Amendment thereto, dated as of May 23, 1996, the Second Amendment thereto, dated as of October 23, 1996, the Third Amendment thereto, dated as of March 17, 1998, the Fourth Amendment thereto, dated as of March 31, 1998, the Fifth Amendment thereto, dated as of September 30, 1998, the Sixth Amendment thereto, dated as of June 4, 1999, the Seventh Amendment thereto, dated as of June 28, 2001, the Eighth Amendment thereto, dated as of September 29, 2003, the Ninth Amendment thereto, dated as of December 3, 2003, and the Tenth Amendment thereto, dated as of February 11, 2005 (as amended, the "**Partnership Agreement**"); and

WHEREAS, the Current Partners wish to amend the Partnership Agreement in respect of the requirement to have the chairman of the Audit Committee not to be an officer, director, employee or otherwise affiliated with, the Operator.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, it is agreed as follows:

1. Definitions. Capitalized terms used but not defined in this Eleventh Amendment (including in the recitals above) shall have the meanings assigned to such terms in the Partnership Agreement.

2. Audit Committee. Article 7.3.1 of the Partnership Agreement is amended as follows:

   by deleting the following:

   "; provided, however, that the chairman of the audit committee shall not be an officer, director, employee of or otherwise affiliated with, the Operator"

3. Effect on Partnership Agreement. Except as expressly set forth herein, the Partnership Agreement and all of the representations, warranties, covenants and

agreements contained therein remain in full force and effect for the benefit of the parties thereto and hereto, and their permitted successors and assigns.

4. Counterparts. This Eleventh Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Eleventh Amendment to be executed and attested by their duly authorized representatives effective as of the date first set forth above.

TCPL PORTLAND INC.

By: _____

Title: _____

LEGAL /s/ [ILLEGIBLE]

CONTENT

By: /s/ [ILLEGIBLE]

Title: Secretary

NORTHERN NEW ENGLAND INVESTMENT COMPANY, INC.

By: _____

Title: _____

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

TWELFTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT

THIS TWELFTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT (this "**Twelfth Amendment**") is effective as of the 1st day of January, 2016 (the "**Effective Date**") by and among TC PipeLines Intermediate Limited Partnership, a Delaware Limited Partnership, ("**TCP Intermediate**")**,** Northern New England Investment Company, Inc., a Vermont corporation, ("**NNEIC**"), and TCPL Portland Inc., a Delaware corporation, ("**TCPL Portland**"). The above-named entities are sometimes referred to in this Agreement individually as a "***Party***," and collectively as the "***Parties***."

WHEREAS, TCP Intermediate, NNEIC and TCPL Portland currently constitute all of the partners (the "**Current Partners**") in Portland Natural Gas Transmission System, a Maine general partnership, (the "**Partnership**") and are the remaining parties to the Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated as of March 1, 1996, as amended by the First Amendment thereto, dated as of May 23, 1996, the Second Amendment thereto, dated as of October 23, 1996, the Third Amendment thereto, dated as of March 17, 1998, the Fourth Amendment thereto, dated as of March 31, 1998, the Fifth Amendment thereto, dated as of September 30, 1998, the Sixth Amendment thereto, dated as of June 4, 1999, the Seventh Amendment thereto, dated as of June 28, 2001, the Eighth Amendment thereto, dated as of September 29, 2003, the Ninth Amendment thereto, dated as of December 3, 2003, the Tenth Amendment thereto, dated as of February 11, 2005 and the Eleventh Amendment thereto, dated as of March 17, 2008 (as amended, the "**Partnership Agreement**"); and

WHEREAS, effective as of the Effective Date, TCPL Portland assigned and transferred 80.86% of its total 61.71% Percentage Interest, constituting 49.9% of the Percentage Interest in the Partnership to TCP Intermediate, an Affiliate of TCPL Portland, pursuant to an Agreement for Purchase and Sale of Partnership Interest, dated as of November 5, 2015 and an Assignment and Assumption Agreement, dated as of January 1, 2016 (herein collectively referred to as the "**TC PipeLines Purchase Agreements**");

WHEREAS, the Current Partners wish to amend the Partnership Agreement to reflect the foregoing transactions.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, the Parties agree as follows:

1. Definitions. Capitalized terms used but not defined in this Twelfth Amendment (including in the recitals above) shall have the meanings assigned to such terms in the Partnership Agreement.

2. Revised Percentage Interests. The Current Partners agree that, as of the Effective Date, the Partnership Agreement is hereby amended by substituting Schedule A attached hereto for the same schedule currently attached to the Partnership Agreement.

3. Allocation of Profits, Losses and Distributions. The Current Partners herein waive the provisions of Section 9.6 and Section 9.7 of the Partnership Agreement to the extent necessary to give effect to the transfers and assignments contemplated in the TC PipeLines Purchase Agreements.

4. Representations of TCP Intermediate. TCP Intermediate hereby makes the representations set forth in Section 9.1.4(v) of the Partnership Agreement to the Partnership and agrees to be bound by all of the terms and conditions of the Partnership Agreement.

5. Effect on Partnership Agreement. Except as expressly set forth herein, the Partnership Agreement and all of the representations, warranties, covenants and agreements contained therein remain in full force and effect for the benefit of the parties thereto and hereto, and their permitted successors and assigns.

6. Counterparts. This Twelfth Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signatures of the parties appear on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Twelfth Amendment to be executed and attested by their duly authorized representatives effective as of the date first set forth above.

TC PIPELINES INTERMEDIATE LIMITED PARTNERSHIP, LP
by TC PIPELINES, GP INC.,
its General Partner

By: /s/ Brandon M. Anderson
Brandon M. Anderson

Title: President

By: /s/ Jon A. Dobson
Jon A. Dobson

Title: Secretary

NORTHERN NEW ENGLAND INVESTMENT COMPANY, INC.

By: _____
Title: _____

By: _____
Title: _____

TCPL PORTLAND INC.

By: /s/ Laura M. Heckman
Laura M. Heckman

Title: Vice-President

By: /s/ Jimmie J. White
Jimmie J. White

Title: Vice-President

SCHEDULE A

TWELFTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT

Partners	New Percentage Interests
TC PipeLines Intermediate Limited Partnership	49.9%
Northern New England Investment Company, Inc.	38.29%
TCPL Portland Inc.	11.81%
Total	100%

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

THIRTEENTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT

THIS THIRTEENTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT (this "**Thirteenth Amendment**") is effective as of the 1st day of June, 2017 (the "**Effective Date**") by and among TC PipeLines Intermediate Limited Partnership, a Delaware Limited Partnership, ("**TCP Intermediate**") and Northern New England Investment Company, Inc., a Vermont corporation, ("**NNEIC**"). The above-named entities are sometimes referred to in this Agreement individually as a "***Party***," and collectively as the "***Parties***."

WHEREAS, TCP Intermediate and NNEIC currently constitute all of the partners (the "**Current Partners**") in Portland Natural Gas Transmission System, a Maine general partnership, (the "**Partnership**") and are the remaining parties to the Portland Natural Gas Transmission System Amended and Restated Partnership Agreement dated as of March 1, 1996, as amended by the First Amendment thereto, dated as of May 23, 1996, the Second Amendment thereto, dated as of October 23, 1996, the Third Amendment thereto, dated as of March 17, 1998, the Fourth Amendment thereto, dated as of March 31, 1998, the Fifth Amendment thereto, dated as of September 30, 1998, the Sixth Amendment thereto, dated as of June 4, 1999, the Seventh Amendment thereto, dated as of June 28, 2001, the Eighth Amendment thereto, dated as of September 29, 2003, the Ninth Amendment thereto, dated as of December 3, 2003, the Tenth Amendment thereto, dated as of February 11, 2005, the Eleventh Amendment thereto, dated as of March 17, 2008 and the Twelfth Amendment thereto, dated January 1, 2016 (as amended, the "**Partnership Agreement**"); and

WHEREAS, effective as of the Effective Date, TCPL Portland Inc., a Delaware corporation ("**TCPL Portland**") assigned and transferred 100% of its total 11.81% Percentage Interest in the Partnership to TCP Intermediate, an Affiliate of TCPL Portland, pursuant to an Agreement for Purchase and Sale of Partnership Interest, dated as of May 3, 2017 and an Assignment and Assumption Agreement, dated as of June 1, 2017 (herein collectively referred to as the "**TC PipeLines Purchase Agreements**") and pursuant to Section 9.2.1 of the Partnership Agreement;

WHEREAS TCPL Portland has resigned as Tax Matters Partner for the Partnership; and

WHEREAS, pursuant to a Unanimous Written Consent of the Management Committee of Portland Natural Gas Transmission System dated as of June 1, 2017, the Management Committee unanimously approved the assignment and transfer by TCPL Portland of its Percentage Interest to TCP Intermediate as set above; and

WHEREAS, the Current Partners wish to amend the Partnership Agreement to reflect the foregoing transactions.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, the Parties agree as follows:

1. Definitions. Capitalized terms used but not defined in this Thirteenth Amendment (including in the introductory paragraph and recitals above) shall have the meanings assigned to such terms in the Partnership Agreement.

2. Allocation of Profits, Losses and Distributions. The Current Partners hereby agree that, for the purposes of Sections 9.6 and 9.7 of the Partnership Agreement, the effective date of the assignment shall be deemed to be June 1, 2017.

3. Revised Percentage Interests. The Current Partners acknowledge that, as of the Effective Date, the Partnership Agreement is hereby amended by substituting Schedule A attached hereto for the same schedule currently attached to the Partnership Agreement.

4. Tax Matters Partner: The first sentence of Section 6.12 of the Partnership Agreement is hereby amended and restated in its entirety as follows:

   > TC PipeLines Intermediate Limited Partnership is hereby designated as the tax matters partner for the Partnership pursuant to Section 6231(a)(7) of the Code (the "Tax Matters Partner").

5. Release of Seller: Effective as of the date hereof, each of the Partnership, TCP Intermediate and NNEIC release and forever discharge TCPL Portland from its obligations under the Partnership Agreement.

6. Officers and Committees: For ease of reference, the current officers and membership of the committees of the Partnership are set forth below:

Management Committee

TCP Intermediate Representative	Janine Watson
TCP Intermediate Alternate Representative	Laura M. Heckman
NNEIC Representative	Dave Rheaume
NNEIC Alternate Representative	Sarah Gendron
NNEIC Alternate Representative	Martin Imbleau

Audit Committee

TCP Intermediate Representative	Nathaniel A. Brown
NNEIC Representative	Michel Veillette

NNEIC Alternate Representative	Sarah Gendron

Finance Committee (ad hoc)

TCP Intermediate	(N/A — to be appointed as necessary)
NNEIC	Sarah Gendron

Legal Committee (Ad Hoc)

TCP Intermediate	(N/A- to be appointed as necessary)
NNEIC	(N/A- to be appointed as necessary)

Officers

James R. Eckert	President
Joel E. Hunter	Vice-President, Finance and Treasurer
Lauri A. Newton	Chief Compliance Officer, FERC
Nathaniel A. Brown	Chief Financial Officer
Ronald L. Cook	Vice-President, Taxation
Lauri A. Newton	Vice-President, U.S. Pipeline Law
Meghan A. Lindsay	Secretary

7. Amendment to Section 13.2.1: Section 13.2.1 shall be amended to state as follows:

To each of the Partners at the address set forth below or at such other address as may be designated from time to time by any Partner by written notice to each other Partner and the Partnership:

TC PipeLines Intermediate Limited Partnership	c/o TC PipeLines GP, Inc. 700 Louisana Street, Suite 700 Houston, Texas 77002-2761 Attn: Corporate Secretary
Northern New England Investment Company, Inc.	Northern New England Investment Company, Inc. 85 Swift Street South Burlington, VT 05403 Attn: Jeremiah Mahany

8. Effect on Partnership Agreement. Except as expressly set forth herein, the Partnership Agreement and all of the representations, warranties, covenants and agreements contained therein remain in full force and effect for the benefit of the parties thereto and hereto, and their permitted successors and assigns.

9. Counterparts. This Thirteenth Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Thirteenth Amendment to be executed and attested by their duly authorized representatives effective as of the date first set forth above.

TC PIPELINES INTERMEDIATE LIMITED PARTNERSHIP, LP
by TC PIPELINES, GP INC.,
its General Partner

By: /s/ Brandon M. Anderson
Brandon M. Anderson

Title: President

By: /s/ Jon A. Dobson
Jon A. Dobson

Title: Secretary

NORTHERN NEW ENGLAND INVESTMENT COMPANY, INC.

By: /s/ Dave Rheaume
Dave Rheaume

Title: NNEIC Representative

By: /s/ [ILLEGIBLE]
Title:

SCHEDULE A

THIRTEENTH AMENDMENT TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT

Partners	New Percentage Interests
TC PipeLines Intermediate Limited Partnership	61.71%
Northern New England Investment Company, Inc.	38.29%
Total	100%

Exhibit 10.6

Execution Version

THIRD AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

OF

IROQUOIS GAS TRANSMISSION SYSTEM, L.P.

Dated as of: May 1, 2016

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THIRD AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

This Third Amended and Restated Limited Partnership Agreement (this "Agreement"), dated as of May 1, 2016, is made by and among the following parties (each, a "Partner" and, collectively, the "Partners"): (i) TransCanada Iroquois Ltd. (hereinafter called "TCIL"), a corporation organized under the laws of the State of Delaware, with its principal offices and address at 700 Louisiana Street, Suite 700, Houston, Texas 77002-2700; (ii) TCPL Northeast Ltd. (hereinafter called "TCPL"), a corporation organized under the laws of the State of Delaware, with its principal offices and address at 700 Louisiana Street, Suite 700, Houston, Texas 77002-2700; (iii) Dominion Iroquois, Inc. ("Dominion Iroquois"), a corporation organized under the laws of the State of Delaware, with its principal offices and address at 445 West Main Street, Clarksburg, West Virginia 26302; and (iv) Iroquois GP Holding Company, LLC (hereinafter called "DMLP"), a limited liability company organized under the laws of the State of Delaware, with its principal offices and address at 120 Tredegar Street, Richmond, VA 23219.

RECITALS

A. The Partnership was formed as a limited partnership on December 11, 1989 upon the filing of the Certificate of Limited Partnership with the Secretary of State of the State of Delaware. To govern the Partnership, the then partners executed the Limited Partnership Agreement dated as of November 30, 1989 (as amended, the "Original LP Agreement"), pursuant to the Revised Uniform Limited Partnership Act of the State of Delaware, as amended (the "Partnership Act").

B. The Original LP Agreement was amended and restated pursuant to the Amended and Restated Limited Partnership Agreement dated as of February 28, 1997, as amended by a first amendment thereto dated as of January 27, 1999, a second amendment thereto dated as of May 4, 2001 and a third amendment thereto dated as of September 1, 2005 (as amended, the "Restated LP Agreement").

C. The Restated LP Agreement was amended and restated pursuant to the Second Amended and Restated Limited Partnership Agreement dated as of September 28, 2015 (the "Second Restated LP Agreement").

D. Prior to the execution of this Agreement, (i) the general and limited partnership interests of the Partnership held by TEN Transmission Company were transferred to TCPL, and (ii) a 0.65% partnership interest of the Partnership held by Dominion Iroquois was transferred to TCPL.

E. The Partners now desire to amend and restate the Second Restated LP Agreement in its entirety as set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Partners hereby agree that the Second Restated LP Agreement is hereby amended and restated in its entirety as follows:

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1. Partners. The Partners of the Partnership are as follows:

1.1 The General Partners of the Partnership are TCIL and DMLP.

1.2 The Limited Partners of the Partnership are TCIL, TCPL, Dominion Iroquois and DMLP.

2. Definitions. Unless otherwise required by the context, the terms defined in this Section 2 shall, for all purposes of this Agreement, have the respective meanings set forth below:

Additional Commitment Date. The date on which the Management Committee votes to commit the Partnership to an Incremental Expansion pursuant to Section 4.9.

Additional Necessary Regulatory Approvals. All licenses, certificates, permits, approvals and determinations (all of which must be final and non-appealable) from United States and Canadian authorities having jurisdiction as may be required in connection with (a) the construction or acquisition and operation of an Incremental Expansion, other than those licenses, certificates, permits, approvals and determinations of a nature not customarily obtained prior to commencement of construction or acquisition of facilities of the nature of the Incremental Expansion and (b) the export, import and transportation if any, of the gas to be transported as a result of such Incremental Expansion.

Additional Partner. A Partner under this Agreement admitted in accordance with the provisions of Section 11.4.

Adjusted Capital Account. The Capital Account maintained for each Partner (a) increased by any amounts that the Partner is obligated to contribute or restore to the Partnership pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(l) and 1.704-2(i)(5), and (b) decreased by any amounts described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5), or (6) with respect to such Partner.

The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

Adjusted Capital Account Deficit. The deficit balance, if any, in the Adjusted Capital Account of a Partner.

Affiliate. Any Person which, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with any Person. For purposes of the foregoing, "control" and its derivatives, with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership or control of voting securities or general partnership interests, by contract or otherwise. For the avoidance of doubt, as of the date hereof, (i)

Dominion Iroquois and DMLP shall be deemed Affiliates of each other and of Dominion Midstream Partners, LP, and (ii) TCPL and TCIL shall be deemed Affiliates of each other and of TC PipeLines, LP.

Agreement. "Agreement" has the meaning set forth in the first paragraph hereof.

Available Cash. The sum, determined as of the end of each fiscal quarter, of:

(i) All cash and cash equivalents of the Partnership on hand at the end of such fiscal quarter; *less*

(ii) the amount of any cash reserves established by the Management Committee:

(a) to provide for the proper conduct of the business of the Partnership (including cash reserves necessary for the Partnership to fund future contemplated capital expenditures set forth in an approved capital expenditure plan) subsequent to the fiscal quarter in which Available Cash is being computed; or

(b) to comply with applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Partnership is a party or by which it is bound or its assets are subject.

Capital Account. The capital account maintained for each Partner on the Partnership's books and records in accordance with the following provisions:

(i) To each Partner's Capital Account there shall be added (i) such Partner's Capital Contributions, (ii) such Partner's allocable share of Profits and any items of income or gain that are specially allocated to such Partner pursuant to Section 6.2 or Section 6.3 hereof or other provisions of this Agreement, and (iii) the amount of any Partnership liabilities assumed by such Partner or which are secured by any property distributed to such Partner.

(ii) From each Partner's Capital Account there shall be subtracted (i) the amount of (A) cash and (B) the Gross Asset Value of any Partnership assets (other than cash) distributed to such Partner pursuant to any provision of this Agreement, (ii) such Partner's allocable share of Losses and any other items in the nature of expenses or losses that are specially allocated to such Partner pursuant to Section 6.2

or Section 6.3 hereof or other provisions of this Agreement, and (iii) liabilities of such Partner assumed by the Partnership or which are secured by any property contributed by such Partner to the Partnership.

(iii) In the event any Interest is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest.

(iv) In determining the amount of any liability for purposes of subparagraphs (i) and (ii) above, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

(v) The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Sections 1.704-1(b) and 1.704-2 and shall be interpreted and applied in a manner consistent with such Treasury Regulations. In the event that the Tax Matters Partner believes that it would be prudent to modify the manner in which the Capital Accounts, or any additions thereto or subtractions therefrom, are computed in order to comply with such Regulations, after consultation in good faith with all Partners and the Partnership's tax advisors, the Tax Matters Partner may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Partner pursuant to Section 12.5.1 hereof upon the dissolution of the Partnership. The Tax Matters Partner also shall, in good faith and on a commercially reasonable basis, (i) make any adjustments to the Capital Accounts that are necessary or appropriate to maintain equality between the aggregate Capital Accounts of the Partners and the amount of capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Treasury Regulations Section 1.704-l(b)(2)(iv)(q) and (ii) make any appropriate modifications to the Capital Accounts in the event unanticipated events might otherwise cause this Agreement not to comply with Treasury Regulations Section 1.704-1(b).

Capital Contribution. The aggregate amount of cash and the initial Gross Asset Value of any property other than cash contributed to the Partnership pursuant to Section 5 hereof by such Partner. Any reference in this Agreement to a Capital Contribution of a Partner shall include a Capital Contribution contributed by its predecessors in interest.

Certified Public Accountants. A firm of independent public accountants selected from time to time by the Management Committee.

Code. The Internal Revenue Code of 1986 and any successor statute, as amended from time to time.

Cost of an Incremental Expansion. All costs and expenses, including any allowance for funds used during construction (commonly referred to as an "AFUDC"), incurred, assumed or paid by the Partnership for the acquisition, planning, design, engineering, financing, construction and start-up of an Incremental Expansion, and securing Additional Necessary Regulatory Approvals therefor.

Deadlock. A deadlock in the Management Committee over any decision with respect to the Partnership or its operations which, pursuant to the terms of this Agreement, is within the authority of the Management Committee to decide.

Defaulted Contribution. "Defaulted Contribution" has the meaning set forth in Section 5.5.3(a).

Defaulting Partner. A Partner which is in default of any of its material obligations hereunder, including, without limitation, (a) its failure to make Capital Contributions on or before the date such payments are due as set forth in a request delivered to such Partner pursuant Section 5.3.2(d), or (b) its failure to perform its indemnification obligation pursuant to Section 10.4.

Depreciation. An amount determined for each fiscal year or other period for which the Partnership is required to make allocations pursuant to Section 6, and equal to the depreciation, amortization or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for such fiscal year or other period; provided, however, if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such fiscal year or other period, Depreciation for such fiscal year or other period shall be determined pursuant to the "remedial" method under the rules prescribed by Treasury Regulations Section 1.704-3(d).

Dispute. Any dispute, controversy or claim, whether based on contract, tort, statute or other legal or equitable theory (including but not limited to any claim of fraud, misrepresentation or fraudulent inducement or any question of validity or effect of this Agreement), arising out of, or related in any way, directly or indirectly, to this Agreement, including the breach or termination thereof.

Dominion Iroquois. "Dominion Iroquois" has the meaning set forth in the first paragraph hereof.

Economic Risk of Loss. "Economic Risk of Loss" has the meaning set forth in Treasury Regulations Section 1.752-2(a).

Estimated Cost of an Incremental Expansion. The total estimated Cost of an Incremental Expansion as approved from time to time by vote of the members of the Management Committee.

Extended Cure Period. "Extended Cure Period" has the meaning set forth in Section 5.3.4(a).

Facilities. The real, personal and mixed property (whether tangible or intangible) owned and operated by the Partnership for the transmission of natural gas or otherwise, as such property may exist from time to time, with such changes in such property as may be approved by the Management Committee (including, but not limited to, Incremental Expansions approved by the Management Committee pursuant to Section 4.9).

FERC. The Federal Energy Regulatory Commission or any commission, agency or other governmental body succeeding to the powers of such commission.

Financing Commitment. Definitive agreements between financial institution(s) and the Partnership or the Financing Corporation pursuant to which such financial institution(s) agree, subject to the conditions set forth therein, to lend money to, or purchase securities of, the Partnership or the Financing Corporation, the proceeds of which shall be used to finance all or a portion of the Facilities or of an Incremental Expansion. It is the intention of the Partnership to ensure that the terms of Financing Commitments shall limit the claim of the parties thereunder to the assets of the Partnership and shall waive any rights of such parties and other beneficiaries to proceed against the Partners individually. No Financing Commitment may require a Partner to cause its Affiliate to undertake any obligation in connection with any Financing Commitment without said Affiliate's consent. No Financing Commitment may bind any Limited Partner unless such Financing Commitment expressly recognizes the limitations of liability of a Limited Partner set forth in Section 10.2 of this Agreement.

Financing Corporation. A corporation wholly owned by the Partnership which may be organized for the purpose of issuing securities, the proceeds from which are to be advanced directly or indirectly to the Partnership to finance in whole or in part the cost of the Facilities or the Cost of an Incremental Expansion.

Gas Transportation Contracts. The gas transportation contracts by and between the Partnership and the Shippers for the transportation of natural gas.

General Partner. Each of the Partners designated as a General Partner in Section 1.1, or any Additional Partner admitted to the Partnership as a General Partner pursuant to Section 11 or any Person substituted as a General Partner pursuant to this Agreement.

Gross Asset Value. The adjusted basis of an asset as determined for federal income tax purposes, except as follows:

(i) the initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset, as agreed to by the Partners;

(ii) the Gross Asset Value of all Partnership assets shall be adjusted to equal their respective gross fair market values, as determined by the Partners, in connection with: (i) the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution (including in connection with any Capital Contributions made pursuant to a Capital Call with respect to which there is a Capital Call Default and irrespective of whether any Default Contributions are made with respect to such Capital Call Default) or in exchange for the performance of more than a de minimis amount of services to or for the benefit of the Partnership; (ii) the distribution by the Partnership to a Partner of more than a de minimis amount of Partnership assets as consideration for an interest in the Partnership; (iii) the liquidation of the Partnership within

the meaning of Treasury Regulations Section 1.704-l(b)(2)(ii)(g) (other than pursuant to Code Section 708(b)(l)(B)); (iv) the acquisition of an interest in the Partnership by any new or existing Partner upon the exercise of a non-compensatory option or warrant in accordance with Treasury Regulations Section 1.704-l(b)(2)(iv)(s); (v) upon the contribution by an existing Partner of an interest in the Partnership to another partnership; or (vi) any other event to the extent determined by the Partners to be necessary to properly reflect the Gross Asset Values in accordance with the standards set forth in Treasury Regulations Section 1.704-l(b)(2)(iv)(q); provided, however, adjustments pursuant to clause (i) and clause (ii) of this sentence shall be made only if the Partners reasonably determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership; and provided, further, that, consistent with the immediately preceding proviso, no adjustments will be made pursuant to clause (i) of this sentence in connection with Capital Contributions made pursuant to a Capital Call with respect to which there is no Capital Call Default. If any non-compensatory options or warrants are outstanding upon the occurrence of an event described in clauses (i)-(v) of this subparagraph (ii), the Partnership shall adjust the Gross Asset Values of its properties in accordance with Treasury Regulations Sections 1.704- 1(b)(2)(iv)(f)(l) and 1.704-1(b)(2)(iv)(h)(2);

(iii) the Gross Asset Value of any Partnership asset distributed to any Partner shall be the gross fair market value of such asset on the date of distribution, as determined by the distributee Partner and the other Partners; and

(iv) the Gross Asset Values of Partnership assets shall be adjusted to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) (including pursuant to Treasury Regulations Section 1.734- 2(b)(l), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Value shall not be adjusted pursuant to this subparagraph (iv) to the extent that an adjustment pursuant to subparagraph (ii) above is made in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (i), (ii) or (iv) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

Incremental Expansion. Any facilities installed or acquired to modify, improve or expand the Facilities or any portion thereof, or gas transportation or delivery facilities installed or acquired, except in connection with customary maintenance, to permit the delivery capacity and/or throughput of the Facilities to be increased.

Interest. "Interest" has the meaning set forth in Section 11.1.1.

Limited Partner. Each of the Partners designated as a Limited Partner in Section 1.2, or any Additional Partner admitted to the Partnership as a Limited Partner pursuant to Section 11 or any Person which becomes a transferee of all or part of the Percentage Interest of a Limited Partner or is otherwise substituted as a Limited Partner pursuant to this Agreement

Management Committee. The Management Committee provided for in Section 9.

Majority Vote. The affirmative vote, approval or consent of Representatives representing Partners who, in the aggregate, own greater than 60% of the Percentage Interests in the Partnership.

Minimum Gain. "Minimum Gain" has the meaning set forth m Treasury Regulations Section 1.704-2(d).

Non-Defaulting Partner. "Non-Defaulting Partner" has the meaning set forth in Section 5.3.4(a).

Nonrecourse Deductions. "Nonrecourse Deductions" has the meaning set forth in Treasury Regulations Section 1.704-2(b).

Operating Agreement. The Amended and Restated Operating Agreement dated as of February 28, 1997, between the Partnership and the Operator, as the same may be further amended, supplemented or otherwise modified from time to time in accordance with the terms hereof and thereof.

Operator. Iroquois Pipeline Operating Company, a Delaware corporation.

Original LP Agreement. "Original LP Agreement" has the meaning set forth in the Recitals.

Parent. Any Person which owns directly or indirectly more than 50% of the outstanding voting interests or general partnership interests of a Partner.

Partner. Each of the Persons executing this Agreement, whether so executing as a General Partner or a Limited Partner, and any Person substituted for an original Partner and any Additional Partner which is admitted to the Partnership pursuant to Section 11, excluding any Withdrawn Partner or any Person for whom another Person has been substituted as a Partner in the Partnership pursuant to this Agreement.

Partner Loans. "Partner Loans" has the meaning set forth in Section 5.5.3(b).

Partner Nonrecourse Debt. "Partner Nonrecourse Debt" has the meaning set forth in Treasury Regulations Section 1.704-2(b)(4).

Partner Nonrecourse Debt Minimum Gain. "Partner Nonrecourse Debt Minimum Gain" has the meaning set forth in Treasury Regulations Section 1.704-2(i)(2).

Partner Nonrecourse Deductions. "Partner Nonrecourse Deductions" has the meaning set forth in Treasury Regulations Section 1.704-2(i)(l).

Partnership. Iroquois Gas Transmission System, L.P., a Delaware limited partnership.

Partnership Act. "Partnership Act" has the meaning set forth in the Recitals.

Percentage Interest. That percentage interest for each Partner determined in accordance with Section 5.1. The initial total Percentage Interest of each Partner, and the Percentage Interest of each Partner as either a General Partner or a Limited Partner, shall be as set forth on Schedule A hereto. To the extent that the Percentage Interest of any Partner as a General Partner or a Limited Partner immediately prior to the effectiveness of this Agreement differs from such Percentage Interest as set forth on Schedule A hereto, the initial Percentage Interest of such Partner as a General Partner or a Limited Partner shall become, upon the effectiveness of this Agreement, the Percentage Interest as a General Partner or a Limited Partner as set forth on Schedule A hereto. Upon any transfer or allocation of all or part of the Percentage Interest of a Limited Partner to any Person in accordance with the provisions of this Agreement, the Person to which such transfer or allocation is made shall hold the transferred or allocated Percentage Interest as a Limited Partner.

Person. An individual, corporation, voluntary association, joint stock company, business trust, partnership or other entity.

"Profits" or "Losses". An amount determined for each fiscal year or other period for which the Partnership is required to make allocations pursuant to Section 6 and that is equal to the Partnership' s taxable income or loss for such fiscal year or other period, determined in accordance with Code Section 703(a) (but including in taxable income or loss, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(l)), with the following adjustments:

(i) any income of the Partnership exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be added to such taxable income or loss;

(ii) any expenditures of the Partnership described in Code Section 705(a)(2)(b) (or treated as expenditures described in Code Section 705(a)(2)(b) pursuant to Treasury Regulations Section 1.704-l(b)(2)(iv)(i)) and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be subtracted from such taxable income or loss;

(iii) in the event the Gross Asset Value of any Partnership asset is adjusted in accordance with subparagraph (ii) or (iii) of the definition of "Gross Asset Value," the amount of such adjustment shall be taken into account as gain (if the adjustment increases the Gross Asset Value of the Partnership asset) or loss (if the adjustment decreases the Gross Asset Value of the Partnership asset) from the disposition of such asset for purposes of computing Profits or Losses;

(iv) gain or loss resulting from any disposition of any Partnership asset with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the asset disposed of, notwithstanding that the adjusted tax basis of such asset differs from its Gross Asset Value;

(v) in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year or other period, computed in accordance with the definition of "Depreciation";

(vi) to the extent an adjustment to the adjusted tax basis of any asset pursuant to Code Section 734(b) is required, pursuant to Treasury Regulations Section 1.704-l(b)(2)(iv)(m)(4), to be taken into account in determining Capital Account balances as a result of a distribution other than in liquidation of a Partner's interest in the Partnership, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or an item of loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(vii) notwithstanding any other provisions of this definition, any items which are specially allocated pursuant to Section 6.2 or Section 6.3 shall not be taken into account in computing Profits or Losses.

Related Party Contract. "Related Party Contract" has the meaning set forth in Section 9.5.

Representative. The individual designated by a Partner or Partners to serve as a member of the Management Committee.

Required Accounting Practice. The accounting rules and regulations, if any, at the time prescribed by the regulatory body or bodies under the jurisdiction of which the Partnership is at the time operating and, to the extent of matters not covered by such rules and regulations, generally accepted accounting principles as practiced in the United States at the time prevailing for companies engaged in a business similar to that of the Partnership.

Restated LP Agreement. "Restated LP Agreement" has the meaning set forth in the Recitals.

Retained Voting Rights. Matters requiring a Super-Majority Vote in accordance with (i) subparagraphs (b), (e), (j), (k), (l) and (m) of Section 9.2.7; (ii) Subparagraphs (f) and (i) of Section 9.2.7 unless such actions are proposed to be taken in order to satisfy the obligations of a Defaulting Partner; and (iii) subparagraph (n) of Section 9.2.7 with respect to the foregoing items only.

Second Restated LP Agreement. "Second Restated LP Agreement" has the meaning set forth in the Recitals.

Section 5.5.3(a)Notice. "Section 5.5.3(a) Notice" has the meaning set forth in Section 5.5.3(a).

Section 5.5.3(c)Notice. "Section 5.5.3(c) Notice" has the meaning set forth in Section 5.5.3(c).

Shippers. Those Persons which, with the approval of the Management Committee, propose to enter into or have entered into a Gas Transportation Contract with the Partnership for the transportation of gas through the Facilities.

Successor Partnership. "Successor Partnership" has the meaning set forth in Section 12.6.1.

Super-Majority Vote. The affirmative vote, approval or consent of Representatives representing Partners who, in the aggregate, own greater than 85% of the Percentage Interests in the Partnership.

Tax Matters Partner. The Partner designated as the tax matters Partner pursuant to Section 8.6.2 of this Agreement.

TCIL. "TCIL" has the meaning set forth in the first paragraph hereof.

TCPL. "TCPL" has the meaning set forth in the first paragraph hereof.

Treasury Regulations. The income tax regulations, including temporary regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

Withdrawn Partner. A Person who is deemed to have permanently withdrawn from the Partnership pursuant to Section 12.3 of this Agreement.

3. Intentionally Deleted.

4. Formation and Purpose of the Limited Partnership.

4.1 Formation. Partnership Act, etc. The Partners hereby continue the Partnership as a limited partnership, pursuant to the Partnership Act, for the purposes stated herein. The rights and liabilities of all Partners currently existing or hereafter admitted shall be as provided in the Partnership Act, except as herein otherwise expressly

provided. Contemporaneously with the execution of this Agreement, the General Partners have executed and caused to be filed an Amended and Restated Certificate of Limited Partnership in accordance with the provisions of the Partnership Act (which certificate, among other things, identifies the name and mailing address of each General Partner), and shall execute and cause to be filed, as appropriate, such further amendments to such certificate and other documents as are or become necessary or advisable, as determined by the General Partners.

4.2 Name. The name of the Partnership shall be the Iroquois Gas Transmission System, L.P., or such other name as the General Partners may designate, upon written notice to the Partners, with such variations thereof as may be necessary to comply with the laws of other states, or Canadian provinces, within which the Partnership may do business.

4.3 Purpose. The Partnership shall plan, design, construct, own and operate the Facilities.

4.4 Regulatory Status. The Partners acknowledge that the Partnership will be a "natural gas company" under the Natural Gas Act.

4.5 Representations and Warranties Concerning Formation of the Partnership.

4.5 .1 General Representations and Warranties. Each Partner, at the time of its execution of this Agreement, represents and warrants that, the execution and delivery of this Agreement, the formation or continuation of the Partnership, as the case may be, and the performance of its obligations hereunder will not contravene or conflict with any provision of law or of the charter or bylaws of such Partner, or contravene, conflict with or constitute a default under, any indenture, mortgage, instrument or other agreement of such Partner or any order, rule or regulation of any court, commission or governmental agency applicable to such Partner. Each Partner further represents, warrants and covenants that (a) it is, and for so long as it is a Partner hereunder it will do or cause to be done all things necessary to continue to be, a corporation, limited liability company, or partnership duly organized, validly existing and in good standing under the laws of its jurisdiction of formation, and (b) the execution and delivery of this Agreement has been duly authorized, and this Agreement, when executed and delivered by such Partner, will be its valid and binding agreement, enforceable in accordance with the terms hereof.

4.6 Offices. The principal offices of the Partnership shall be at One Corporate Drive, Shelton, Connecticut 06484, or at such place as the Management Committee may from time to time determine. Written notice of any change in such offices shall be given to each Partner. The registered office of the Partnership in the State of Delaware shall be c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, Delaware 19808 and the registered agent

of the Partnership for the service of process shall be Corporation Service Company at the same address.

4.7 Qualification In Other Jurisdictions. The General Partners shall cause the Partnership to be qualified or registered under assumed or fictitious names or foreign limited partnership statutes or similar laws, or take other appropriate action, in any jurisdiction in which the Partnership owns property or transacts business if such qualification, registration or other appropriate action is reasonably necessary or reasonably anticipated to be necessary, or reasonably requested by any Limited Partner, in order to protect the limited liability of the Limited Partner(s), or to permit the Partnership lawfully to own property or transact business in such jurisdiction. The General Partners shall execute and cause to be filed and published all such certificates, notices, statements or other instruments reasonably necessary or reasonably anticipated to be necessary, or reasonably requested by any Limited Partner, to permit the Partnership to conduct business as a limited partnership in all jurisdictions where the Partnership elects to do business and to maintain the limited liability of the Limited Partner(s).

4.8 Incremental Expansion.

4.8.1 Any Partner or Partners (or the Operating Company) proposing that the Partnership construct or acquire an Incremental Expansion shall notify the other Partners and the Management Committee of the amount of additional capacity requested and the date on which such capacity is requested to be available, and shall provide a detailed explanation of the reasons why such capacity is being requested.

4.8.2 As soon as possible after providing such notice, the Partner or Partners or the Operating Company proposing an Incremental Expansion shall prepare and mail to each Partner:

(a) an estimate of the cost of the proposed Incremental Expansion and, if available, the proposed financing plan; and

(b) appropriate engineering data, flow diagrams and maps describing such Incremental Expansion in such detail as is required for filing as exhibits to the related application to PERC for authorization to construct or acquire and operate the proposed Incremental Expansion.

The Partnership shall reimburse the Partner or Partners proposing an Incremental Expansion for the cost of preparing and mailing the above materials, if and when the Management Committee votes to commit to construct or acquire the Incremental Expansion or a modified version thereof, pursuant to Section 4.9.

4.8.3 Within 60 days after the information described in Section 4.8.2 has been received by each Partner, the Management Committee shall vote on

Whether to proceed with the development of the proposed Incremental Expansion as set forth in Section 4.8.2. Upon the vote of the Management Committee to proceed with the development of the proposed Incremental Expansion, which shall be the same vote required in Section 4.9 to commit to construct or acquire an Incremental Expansion, the Partnership shall proceed with such development, including but not limited to the acquisition of Additional Necessary Regulatory Approvals and Financing Commitments. A vote to proceed with the development of an Incremental Expansion shall be without prejudice to the vote on whether the Partnership shall be committed to construct or acquire such Incremental Expansion under Section 4.9.2.

4.9 Commitment To Construct Or Acquire An Incremental Expansion.

4.9.1 Except as provided in Section 5.2.1, the Partnership shall not incur any material costs or obligations with respect to an Incremental Expansion or be obligated under any Financing Commitment relating to an Incremental Expansion (except for a normal financing commitment fee) until (a) the Additional Necessary Regulatory Approvals have been obtained, (b) such Financing Commitments, if any, as may be required in the opinion of the Management Committee for such Incremental Expansion have been obtained, (c) gas transportation contracts for the use of the capacity of the Incremental Expansion have been executed by the Partnership and by one or more shippers approved by the Management Committee, (d) the Estimated Cost of an Incremental Expansion has been determined and (e) the Management Committee has approved a commitment to construct or acquire such Incremental Expansion as provided in Section 4.9.2.

4.9.2 Immediately following the last to occur of the events referred to in clauses (a), (b) and (d) of Section 4.9.1, and the satisfaction of all conditions set forth in the precedent agreements for execution of the gas transportation contracts by the shippers which will utilize the capacity of the Incremental Expansion (other than the vote of the Management Committee to commit to construct or acquire the Incremental Expansion), or at such time as determined by the Management Committee, the Management Committee shall vote on whether the Partnership shall be committed to construct or acquire the Incremental Expansion. The vote required for a commitment to construct or acquire an Incremental Expansion, or for a waiver of the conditions precedent to such a commitment, shall be (i) a Super-Majority Vote if the estimated cost of such Incremental Expansion as determined pursuant to Section 4.8.2(a) exceeds Ten Million Dollars, and (ii) a Majority Vote if the estimated cost of such Incremental Expansion as determined pursuant to Section 4.8.2(a) is Ten Million Dollars or less.

4.10 Regulatory And Financing Decisions With Respect To Incremental Expansions. All votes on regulatory and financial matters with respect to an Incremental Expansion, including without limitation the filing of applications for Additional

Necessary Regulatory Approvals or amendments thereto, acceptance of all such approvals and amendments, the filing of any tariff or tariff revisions relating to an Incremental Expansion, and execution of financing agreements and commitments related to an Incremental Expansion, shall be subject to the same voting standard set forth in Section 4.9 for approval of the commitment to construct or acquire; provided, however, that approval of the Management Committee shall not be required in the case of the acceptance by the Operator, pursuant to Section 3.1.2 of the Operating Agreement, of Additional Necessary Regulatory Approvals and amendments thereto if the terms of such approvals do not vary materially from the authorizations sought in the related regulatory applications.

4.11 Notwithstanding Sections 4.8, 4.9 or 4.10, Management Committee approval to develop or construct or acquire an Incremental Expansion shall not be required in the case of Incremental Expansions or other capital facilities which (!) do not exceed in any one instance a cost of one million dollars ($1,000,000); (2) will be constructed pursuant to the Partnership's blanket certificate; and (3) have been included in the most recent budget approved by the Management Committee pursuant to Section 5.2 of the Operating Agreement, and all regulatory and financing decisions with respect to the same shall be made by the Operator without further approval of the Management Committee.

5. Percentage Interests; Capital Contributions.

5.1 Percentage Interests. Each Partner's Percentage Interest as of any date shall equal the percentage equivalent of a fraction, the numerator of which is the aggregate amount of such Partner's Capital Contributions to the Partnership as of such date, and the denominator of which is the total amount of Capital Contributions made by all of the Partners to the Partnership as of such date; provided that, for purposes of this Section 5.1, the initial Capital Contribution of each Partner shall be deemed to equal the amount of its Capital Account as of the date hereof. As of the date hereof, each Partner's Percentage Interest is set forth on Schedule A to this Agreement. Unless otherwise agreed by unanimous consent of the Partners, in the event of (a) the withdrawal of a Partner pursuant to Section 12.3 or (b) a transfer of a Partner's Interest pursuant to Section 11 or Section 5.5.3(c), or (c) the implementation of the remedy set forth in Section 5.5.3(a) in connection with a Defaulted Contribution, the Percentage Interests set forth on Schedule A shall be adjusted accordingly, rounded to the nearest ten-thousandth of one percent.

5.2 Additional Capital Contributions.

5.2.1 Whenever the Management Committee shall vote to proceed with the development of a proposed Incremental Expansion as provided in Section 4.8.3, the Management Committee shall cause to be prepared and filed on behalf of the Partnership appropriate applications for Additional Necessary Regulatory Approvals. Each Partner shall make a cash Capital Contribution to the Partnership, as provided in Section 5.3, in an amount equal to its Percentage Interest of that portion, if any, of the Estimated

Cost of an Incremental Expansion relating to the preparation and prosecution of the application(s) for Additional Necessary Regulatory Approvals and the acquisition of the Financing Commitments determined from time to time by the Management Committee as being required to be paid from Capital Contributions made by the Partners prior to the Additional Commitment Date relating thereto.

5.2.2 After any Additional Commitment Date relating to an Incremental Expansion approved pursuant to Section 4.9, each Partner shall make a cash Capital Contribution to the Partnership, as provided in Section 5.3, in an amount, if any, equal to its Percentage Interest of the Estimated Cost of an Incremental Expansion, less (a) any amount relating to such Incremental Expansion previously contributed by such Partner to the Cost of an Incremental Expansion, (b) its Percentage Interest of the amount committed under the Financing Commitments, if any, relating to such Incremental Expansion and (c) its Percentage Interest of the amount, if any, the Management Committee may determine from time to time is available from the Partnership to finance such Incremental Expansion.

5.2.3 In the event that, at any time or times, the Management Committee determines, by the applicable vote provided for in Section 9.2, that the Partnership requires additional capital for operations (other than the capital provided for under Sections 5.2.1 and 5.2.2), each Partner shall, as provided in Section 5.3, contribute to the capital of the Partnership an amount equal to its Percentage Interest multiplied by the aggregate amount of Capital Contributions determined to be required for such purpose by the Management Committee. In the event that the Management Committee approves the operating or capital budget for the Partnership for any year pursuant to Section 9.2.6(b) and the Available Cash as of the end of a fiscal quarter, together with the Partnership's anticipated net cash flow for the following fiscal quarter, is insufficient to fund the portion of such operating or capital budget allocable to such following fiscal quarter, then each Representative on the Management Committee shall vote to approve a capital call equal to the anticipated cash shortfall for such following quarter.

5.2.4 If the Operator determines that additional capital is required in order to avoid material imminent violations of law or to cure existing material violations of law, or to prevent or cure a material imminent risk to the health or safety of workers at the Facilities or to the health or safety of the community in which the Facilities is located, then, within fifteen (15) days after the Partnership receives notice from the Operator indicating that the Operator has made such determination and including the Operator's estimate of the cost of the work required to prevent or cure such risk or violation, each Representative on the Management Committee shall vote to approve a capital call equal to such estimated cost.

5.3 Payment Of Capital Contributions.

5.3.1 The Management Committee shall issue or cause to be issued a written request to each Partner for payment of each installment of Capital Contributions to be made in accordance with Section 5.2, at such times and in such amounts (a) in the case of Capital Contributions to be made in accordance with Section 5.2.2 as shall be consistent with the schedule of Capital Contributions contained in the acquisition or construction fund schedule most recently approved by the Management Committee (by Majority Vote or Super-Majority Vote, as applicable) as provided in this Agreement, subject only to such variations in timing of such payments as may be necessitated by the cash requirements of the Partnership, and (b) in the case of Capital Contributions to be made in accordance with Sections 5.2.1, 5.2.3 and 5.2.4, as the Management Committee shall approve (by Majority Vote or Super-Majority Vote, as applicable) as provided in this Agreement. All Capital Contributions received by the Partnership pursuant to this Section 5.3, whether received prior to, on or after the date specified in Section 5.3.2(d), shall be credited to the respective Partner's Capital Account as of such specified date. All Capital Contributions received from a Partner after the date specified in Section 5.3.2(d) shall be accompanied by interest on such overdue amounts, which interest shall be payable to the Partnership and shall accrue from and after such specified date at a rate equal to the lesser of (x) 2% over the per annum rate of interest established from time to time by JP Morgan Chase Bank, NA at its principal office in New York, NY, as its prime rate, or (y) the maximum interest rate allowed for this purpose pursuant to the laws of the State of New York. Any such interest paid with respect to a Capital Contribution shall be credited to the respective Capital Accounts of all the Partners, on a pro rata basis in accordance with their respective Percentage Interests as of the date such payment is made to the Partnership after giving effect to the payment of the Capital Contribution with respect to which such interest accrued.

5.3.2 Each written request issued pursuant to Section 5.3.1 shall contain the following information:

(a) The total amount of Capital Contributions requested from all Partners;

(b) The amount of Capital Contribution requested from the Partner to whom the request is addressed, such amount to be in accordance with the Percentage Interest of such Partner;

(c) The purpose for which the funds are to be applied in such reasonable detail as the Management Committee shall direct; and

(d) The date on which payments of the Capital Contribution shall be made (which date shall not be less than 30 days, nor more than 90 days, following the date the request is given except in the case of a capital call pursuant to Section 5.2.4, in which case the date may be

Such shorter time as the Management Committee deems reasonably appropriate under the circumstances but in no event less than seven (7) days following the date the request is given) and the method of payment, provided that such date and method shall be the same for each of the Partners.

5.3.3 Each Partner agrees that it shall make payments of its respective Capital Contributions in accordance with requests issued pursuant to Sections 5.3.1 and 5.3.2.

5.3.4 Default Provisions.

(a) In the event a Partner shall default in the performance of any of its obligations to make any Capital Contribution to the Partnership in accordance with the terms of this Agreement, it shall become a Defaulting Partner hereunder. In the event such default shall continue uncured for a period of 30 days after the giving of notice to all of the Partners of such default by the

Partnership or by any of the Partners other than the Defaulting Partner (each, a "Non-Defaulting Partner") or for such extended cure period (an "Extended Cure Period") as may be approved by affirmative vote of members of the Management Committee representing more than 50% of the total Percentage Interests of the Partners other than the Defaulting Partner and its Affiliates, then such Defaulting Partner shall be deemed to have temporarily withdrawn from the Partnership effective as of the 31st day after such notice or the day after expiration of the extended cure period, as the case may be, unless and until: (i) such default shall be cured as provided in Section 5.3.4(c), (ii) such Defaulting Partner has had its Percentage Interest in the Partnership diluted pursuant to Section 5.5.3(a), (iii) a Partner Loan which may have been made to such Defaulting Partner pursuant to Section 5.5.3(b) has been fully repaid, or (iv) such Defaulting Partner shall have had its interest in the Partnership purchased by one or more Non- Defaulting Partners pursuant to Section 5.5.3(c). During the period the Defaulting Partner is deemed to have temporarily withdrawn from the Partnership, no distributions shall be made under Section 7 to the Defaulting Partner. Notwithstanding the above, the foregoing distributions otherwise payable to a Defaulting Partner shall be retained by the Partnership until such time as (x) the Defaulting Partner is no longer treated as having temporarily withdrawn from the Partnership pursuant to this Section 5.3.4(a) (other than clause (iv) above), at which time the funds so retained shall be (1) distributed in their entirety to the Defaulting Partner if the period of its temporary withdrawal terminated as provided in clauses (i) or (iii) above, or (2) if the period of its temporary withdrawal terminated as provided in clause (ii) above, distributed to the Defaulting Partner in an amount equal to the product of (A) the amount of the retained distribution *times* (B) a fraction, the

numerator of which is its Percentage Interest as diluted and re-determined pursuant to Section 5.5.3(a) and the denominator of which is its Percentage Interest prior to such dilution and redetermination, and the remaining amount of the retained distributions shall be paid to the Non-Defaulting Partners in proportion to their relative Percentage Interests as re-determined pursuant to Section 5.5.3(a), or (y) the Defaulting Partner has permanently become a Withdrawn Partner pursuant to Section 12.3 of this Agreement or if the period of its temporary withdrawal terminated as provided in clause (iv) above, at which time the funds so retained shall remain Partnership property.

(b) After the receipt of a notice of default pursuant to Section 5.3.4(a) and until the later of (i) the date on which such default is cured as provided in Section 5.3.4(c) of this Agreement or such Defaulting Partner is no longer treated as having temporarily withdrawn from the Partnership pursuant to Section 5.3.4(a), as applicable, and (ii) six (6) months after receipt of the last notice of default pursuant to Section 5.3.4(a) in the event the Defaulting Partner has defaulted in the performance of any of its obligations to make any Capital Contributions to the Partnership on more than one occasion over a rolling 12 month period (provided that past defaults of a Defaulting Partner shall not apply to a third party transferee of such Defaulting Partner's Interest), (A) the Representatives of such Defaulting Party shall not have any vote in matters to be acted upon by the Management Committee other than Retained Voting Rights, and the Percentage Interest of such Defaulting Partner shall not be considered in determining the total Percentage Interests of the Partners for the purpose of any vote of the Management Committee other than Retained Voting Rights, and (B) the Defaulting Partner shall continue to be obligated to make all Capital Contributions approved or required to be made pursuant to the terms hereof and based on its Percentage Interest at the time of default.

(c) A Partner shall cease being a Defaulting Partner, if it fulfills its obligations to make all payments then due under this Section 5.3 prior to the end of the thirty (30) day period for cure (or, if applicable, prior to the end of the Extended Cure Period) as provided in Section 5.3.4(a). If a Defaulting Partner seeks to cure a default after such thirty (30) day period (or, if applicable, after the end of the Extended Cure Period), such cure shall not be deemed effective to cure the default in question if the Management Committee has given a Section 5.5.3(a) Notice or a Partner has given a Section 5.5.3(c) Notice, unless such cure is accepted by the affirmative vote of members of the Management Committee representing more than 50% of the total Percentage Interests of the Partners other than the Defaulting Partner and its Affiliates.

5.4 Voluntary Contributions. No Partner shall make any Capital Contributions to the Partnership except pursuant to this Section 5.

5.5 Effect of Permanent or Temporary Withdrawal.

5.5.1 Consequences of Permanent Withdrawal.

(a) A Withdrawn Partner shall be entitled to receive payment from the Partnership, at a time or times when the Management Committee determines in good faith that such payment may be made without undue hardship to the Partnership or any Partner, of an amount equal to its positive Capital Account balance on the date of withdrawal (increased by the amount of any liability paid by such Withdrawn Partner after the date of withdrawal pursuant to Section 5.5.2), payable either in a lump sum or in installments as determined by the Management Committee, in its sole discretion. To the extent that the Management Committee does not determine to make such a payment, a Withdrawn Partner shall be entitled only to such amounts as may be distributed pursuant to Section 12.5. From and after the date of its withdrawal, the former Capital Account balance of such a Withdrawn Partner shall be recorded as a "Special Contingent Obligation" of the Partnership as provided in Section 12.5.1, and not as a Partner's Capital Account.

(b) The rights of a Withdrawn Partner set forth in Section 5.5.1(a) shall (I) be subordinate to the rights of any other creditor of the Partnership, (2) not impair in any way the rights of continuing Partners to receive distributions pursuant to Section 7, (3) not include any right on the part of the Withdrawn Partner to receive any interest or other amounts with respect thereto, (4) not be a personal obligation of any Partner and (5) be paid as provided for in Section 12.5 in the event of dissolution.

5.5.2 Further Effect of Permanent Withdrawal. A Withdrawn Partner which has withdrawn from the Partnership pursuant to Section 12.3 or in contravention of this Agreement shall have only those rights specifically set forth in this Agreement, such Partner's status as a Partner shall automatically terminate, and shall not have any vote in matters to be acted upon by the Management Committee and the Percentage Interest of such Partner shall not be considered in determining the total Percentage Interests of the Partners for the purpose of any vote of the Management Committee. Except as provided in Sections 12.2.3 and 12.6, withdrawal by one or more General Partners as described in the preceding sentence shall not effect a dissolution of the Partnership. A Withdrawn Partner shall remain obligated for all liabilities attributable to its respective interest in the Partnership accruing prior to the date of its withdrawal, including any such liabilities maturing after such withdrawal but originating from actions taken prior thereto.

5.5.3 Additional Remedies.

(a) In the event any Partner is deemed to have temporarily withdrawn from the Partnership pursuant to the provisions of Section 5.3.4 of this Agreement, if members of the Management Committee representing more than 50% of the total Percentage Interests of the Partners other than the Defaulting Partner and its Affiliates determines that an amount equal to the whole or any portion of the amount of Capital Contributions which such Partner failed to pay when due (the "Defaulted Contribution") should be contributed to the Partnership by the Non-Defaulting Partners in order to meet the cash needs of the Partnership, it shall promptly provide written notice (a "Section 5.5.3(a) Notice") of such determination to each Non-Defaulting Partner, which Section 5.5.3(a) Notice shall state the amount of the Defaulted Contribution. Each Non-Defaulting Partner shall have the right to elect (by written notice to the other remaining Partners within ten days of the date of the Section 5.5.3(a) Notice from the Management Committee) to contribute (i) it's pro rata share of such Defaulted Contribution calculated as the percentage determined by dividing the Percentage Interest of such Non-Defaulting Partner by the sum of the Percentage Interests of all Non-Defaulting Partners, or (ii) a portion of such Defaulted Contribution determined on any other basis unanimously approved by the Partners other than the Defaulting Partner. In the event the Non-Defaulting Partners, as a whole, elect to contribute an amount less than I 00% of the Defaulted Contribution (the "Unelected Percentage"), the Partnership may use cash on hand or any other available source of funds to meet its obligations associated with the Unelected Percentage. Nothing herein shall be construed as preventing admission of a new Partner or Partners to the Partnership in accordance with Section 11 in order to meet the cash needs of the Partnership resulting from the withdrawal of a Partner or Partners. To the extent that any Partner contributes any portion of a Capital Contribution pursuant to this Section 5.5.3, the Percentage Interests of the Partners shall be adjusted to reflect such Capital Contributions. In addition, in the event the Non-Defaulting Partners have not elected and exercised any of the remedies set forth in this Section 5.5.3(a) within 30 days after the date on which the Defaulting Partner is deemed to have temporarily withdrawn from the Partnership, the Percentage Interests of the Partners shall be adjusted to reflect the failure of the Defaulting Partner to make its Capital Contribution and the satisfaction by the Non-Defaulting Partners of their obligation to make their Capital Contributions. For purposes of Section 6 and Section 7 of this Agreement, the Percentage Interests as re-determined pursuant to this Section 5.5.3(a) shall be effective as of the first day of the fiscal quarter during which the Defaulting Partner defaulted With respect to its obligation to make its Capital Contribution.

(b) In the event any Partner shall be deemed to have temporarily withdrawn from the Partnership pursuant to the provisions of Section 5.3.4 of this Agreement, in lieu of calling for Capital Contributions to fund a Defaulted Contribution as set forth in Section 5.5.3(a), the Management Committee, by members representing more than 50% of the total Percentage Interests of the Partners other than the Defaulting Partner and its Affiliates, may elect to call for the Defaulted Contribution to be funded by loans ("Partner Loans") from the Non-Defaulting Partners. The amount, timing and procedure for Partner Loans, and each Partner's share of such Partner Loans, shall be the same as for Capital Contributions made pursuant to Section 5.5.3(a) or as otherwise unanimously approved by the Partners other than the Defaulting Partner. If the Management Committee calls for Partner Loans to fund a Defaulted Contribution, then: (i) any sum thus advanced by a Partner shall be deemed to be a loan from such Partner to the Defaulting Partner and a contribution of such sum to the Partnership by the Defaulting Partner (but such contribution shall not be deemed to cure the default by the Defaulting Partner); (ii) the principal balance of such loan and all accrued unpaid interest thereon shall be, unless earlier prepaid by the Defaulting Partner, due and payable in whole within thirty (30) days after written demand therefor has been given to the Defaulting Partner (and to each other Partner) by the Management Committee or by any Non-Defaulting Partner which made such advance; (iii) each Partner Loan shall bear interest at the lesser of (A) 11% over LIBOR and the (B) maximum amount permitted by law, from the date that the Partner Loan was made until the date that such Loan, together with all interest accrued thereon, is repaid to the Non-Defaulting Partner which made such advance; (iv) an amount equal to the distributions from the Partnership that would otherwise be made to the Defaulting Partner (whether before or after dissolution of the Partnership) shall be deemed to be paid to the Defaulting Partner for purposes of adjusting its Capital Account but shall, instead, be paid to the Non-Defaulting Partners which made such Partner Loans until the Partner Loans and all interest accrued thereon have been repaid in full (with all such payments being applied first to interest earned and unpaid and then to principal); and (v) any Non-Defaulting Partner who made a Partner Loan shall have the right, in addition to the other rights and remedies granted to it pursuant to this Agreement or available to it at law or in equity, to take such action (including, without limitation, the filing of a lawsuit) as any such Non-Defaulting Partner deems appropriate to obtain payment by the Defaulting Partner of the principal balance of such loan and all accrued and unpaid interest thereon, at the cost and expense (including attorneys' fees) of the Defaulting Partner.

(c) In the event any Partner is deemed to have temporarily withdrawn from the Partnership pursuant to the provisions of Section 5.3.4 of this Agreement, then any Non-Defaulting Partner may give notice (a "Section 5.5.3(c) Notice") to the

Management Committee that it desires to purchase I 00% of the Interest of the Defaulting Partner. Within sixty (60) days after the date of such Section 5.5.3(c) Notice, the Management Committee shall give notice (the "Default Purchase Notice") to the Defaulting Partner and to each other Non-Defaulting Partner of such proposed purchase. Such Default Purchase Notice shall include the Management Committee's good faith Majority Vote determination of the fair market value of the Partnership taking into account, among other things, the prices paid for other comparable pipelines and shall indicate an amount (the "Default Purchase Price") equal to the product of (i) the Management Committee's good faith determination of the fair market value of the Partnership as determined above, multiplied by (ii) 75%, multiplied by (iii) the Percentage Interest of the Defaulting Partner. Within 15 calendar days after delivery of the Default Purchase Notice, each Non-Defaulting Party electing to purchase such Interest shall so notify the Management Committee and the other Partners in writing, and if more than one Non-Defaulting Partner so elects, then each such Non-Defaulting Partner shall be deemed to have elected to purchase such Non-Defaulting Partner's pro rata share of the Interest of the Defaulting Partner, calculated as the percentage determined by dividing the Percentage Interest of such Non-Defaulting Partner by the sum of the Percentage Interests of all Non-Defaulting Partners electing to purchase the Interest of the Defaulting Partner. The closing on all such purchases shall occur thereafter at the principal office of the Partnership during normal business hours on a date that is reasonably scheduled in a written notice delivered by the Partnership to each purchaser, and shall be deemed effective as of 12:00:01 a.m. on such date. At the closing the Defaulting Partner shall transfer its entire Partnership Interest to the applicable purchasers in accordance with their purchase elections. Each such transfer shall be made free and clear of all liens and other encumbrances. In exchange, each purchaser shall deliver such purchaser's pro rata portion of the Default Purchase Price (based on the extent or amount of the Interest purchased by such purchaser) to the Defaulting Partner; provided, however, if the Defaulting Partner has any unpaid obligations due and owing to the Partnership or any unpaid Partner Loans outstanding, such obligations shall be satisfied at or prior to closing.

6. Allocation of Profits and Losses.

6.1 Profits and Losses.

After giving effect to the special allocations set forth in Section 6.2, all Profits and Losses from operations for each fiscal year (or part thereof) shall be allocated to the Partners in accordance with their Percentage Interests; provided that no Losses shall be allocated to any Partner that holds only a Limited Partnership interest to the extent that such Losses would result in that Limited Partner having an Adjusted Capital Account Deficit. To the extent Losses allocated to a Partner holding only a Limited Partner interest would cause such Partner to have an Adjusted Capital Account Deficit at the end of any fiscal year, the Losses will be reallocated to Partners holding General Partner interests in proportion to their relative Percentage Interests as General Partner. If any General Partner receives an allocation of Losses otherwise allocable to a Limited Partner in accordance with this Section 6, such General Partner shall be allocated Profits in subsequent fiscal years necessary to reverse the effect of such allocation of Losses. Such allocation of Profits (if any) shall be made before any other Profit allocations under this Section 6.

6.2 Special Allocations.

6.2.1 Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in Minimum Gain during any taxable year, each Partner shall be allocated items of Partnership income and gain for such year (and, if necessary, subsequent taxable years) in the manner and amounts provided in Treasury Regulations Sections 1.704-2(f)(6), (g)(2) and U)(2)(i). For purposes of this Section 6.2, each Partner's Capital Account shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.2.1 with respect to such taxable year. This Section 6.2.1 is intended to comply with the partner minimum gain chargeback requirement in Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

6.2.2 Partner Nonrecourse Debt Minimum Gain Chargeback. Notwithstanding the other provisions of this Agreement (other than Section 6.2.1 above), if there is a net decrease in Partner Nonrecourse Debt Minimum Gain during any taxable year, any Partner with a share of Partner Nonrecourse Debt Minimum Gain at the beginning of such taxable year shall be allocated items of Partnership income and gain for such year (and, if necessary, subsequent taxable years) in the manner and amounts provided in Treasury Regulations Section 1.704-2(i)(4) and Gl(2)(ii). For purposes of this Section 6.2, each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income and gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6, other than Section 6.2.1, with respect to such taxable

year. This Section 6.2.2 is intended to comply with the partner nonrecourse debt minimum gain chargeback requirement in Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

6.2.3 Qualified Income Offset. Except as provided in Section 6.2.1 and Section 6.2.2 above, in the event any Person holding only a Limited Partner Interest unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulations Sections 1.704-l(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by such Treasury Regulation, its Adjusted Capital Account Deficit created by such adjustment, allocation or distribution as quickly as possible unless such Adjusted Capital Account Deficit balance is otherwise eliminated pursuant to Section 6.2.1 or Section 6.2.2. This Section 6.2.3 is intended to constitute a qualified income offset described in Treasury Regulations Section 1.704-l(b)(2)(ii)(d) and shall be interpreted consistently therewith.

6.2.4 Gross Income Allocation. In the event any Partner has an Adjusted Capital Account Deficit at the end of any fiscal year, such Partner shall be allocated items of Partnership gross income and gain in the amount of such Adjusted Capital Account Deficit as quickly as possible; provided, an allocation pursuant to this Section 6.2.4 shall be made only if and to the extent that such Partner

would have an Adjusted Capital Account Deficit after all other allocations provided in Section 6.2 (other than Section 6.2.3) have been tentatively made as if Section 6.2.3 and this Section 6.2.4 were not in this Agreement.

6.2.5 Nonrecourse Deductions. Nonrecourse Deductions for any taxable year shall be allocated to the Partners in accordance with their Percentage Interests.

6.2.6 Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any taxable year shall be allocated 100% to the Partner that bears the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i). If more than one Partner bears the Economic Risk of Loss with respect to a Partner Nonrecourse Debt, Partner Nonrecourse Deductions attributable thereto shall be allocated between or among such Partners in accordance with the ratios in which They share such Economic Risk of Loss. This. Section 6.2.6 is intended to comply with the provisions of Treasury Regulations Section 1.704-2(i) and shall be interpreted consistently therewith.

6.2.7 To the extent an adjustment to the adjusted tax basis of any Partnership asset, pursuant to Code Section 734(b) (including pursuant to Treasury

Regulations Section 1.734-2(b)(l)) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-l(b)(2)(iv)(m)(2) or Section 1.704-l(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Partner in complete liquidation of such Partner's interest in the Partnership, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Partners in accordance with their interests in the Partnership in the event Treasury Regulations Section 1.704-l(b)(2)(iv)(m)(2) applies, or to the Partner to whom such distribution was made in the event Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

6.3 Regulatory Allocations. The allocations set forth in Section 6.2 (the "Regulatory Allocations") are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Partners that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Partnership income, gain, loss or deduction pursuant to this Section 6.3. Therefore, notwithstanding any other provision of this Section 6 (other than the Regulatory Allocations), but subject to the Code and the Treasury Regulations, the Tax Matters Partner shall make such offsetting special allocations of Partnership income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Partner's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Partner would have had if the Regulatory Allocations were not part of this Agreement. In making such determination, the Tax Matters Partner shall take into account future Regulatory Allocations that, although not yet made, are likely to offset other Regulatory Allocations previously made.

6.4 Income Tax Allocations.

6.4.1 Except as provided in this Section 6.4, each item of income, gain, loss and deduction of the Partnership for federal income tax purposes shall be allocated among the Partners in the same manner as such items are allocated for book purposes under Section 6.1, Section 6.2, and Section 6.3.

6.4.2 In accordance with Code Section 704(c) and the applicable Treasury Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its Gross Asset Value at the time of its contribution to the Partnership. If the Gross Asset Value of any Partnership property is adjusted in accordance with subparagraph (ii) or (iv) of the definition of Gross Asset Value, then subsequent allocations of

Income, gain, loss and deduction shall take into account any variation between the adjusted basis of such property for federal income tax purposes and its Gross Asset Value as provided in Code Section 704(c) and the related Treasury Regulations. For purposes of such allocations, the Partnership shall elect the remedial allocation method described in Treasury Regulations Section 1.704-3(d).

6.4.3 All items of income, gain, loss, deduction and credit allocated to the Partners in accordance with the provisions hereof and basis allocations recognized by the Partnership for federal income tax purposes shall be determined without regard to any election under Code Section 754 which may be made by the Partnership.

6.5 Other Rules.

6.5.1 Profits, Losses, and any other items of income, gain, loss, or deduction will be allocated to the Partners pursuant to this Section 6 as of the last day of each fiscal year, provided that Profits, Losses, and the other items will also be allocated at any time the Gross Asset Values of the Partnership's assets are adjusted pursuant to subparagraph (ii) of the definition of Gross Asset Value.

6.5.2 In the event Partners are admitted to the Partnership pursuant to this Agreement on different dates, the Profits (or Losses) allocated to the Partners for each fiscal year during which Partners are so admitted shall be allocated among the Partners in proportion to their Percentage Interests during such fiscal year in accordance with Code Section 706, using any convention permitted by law and selected by the Tax Matters Partner that takes into account the varying interests of the Partners during such fiscal year.

6.5.3 For purposes of determining the Profits, Losses or any other items allocable to any period, Profits, Losses and any such other items shall be determined on a daily, monthly or other basis, as determined by the Tax Matters Partner using any method that is permissible under Code Section 706 and the Treasury Regulations thereunder.

6.5.4 The Partners are aware of the income tax consequences of the allocations made by this Section 6 and hereby agree to be bound by the provisions of this Section 6 in reporting their shares of Partnership income and loss for income tax purposes.

7. Distributions.

7.1 Quarterly Distributions. Except as otherwise provided in Section 7.2 or Section 12.5, within 35 days after the end of each fiscal quarter, the Management Committee shall make distributions of Available Cash to all Partners (other than a Defaulting Partner) in proportion to their respective Percentage Interests.

7.2 Limitations on Distributions. Notwithstanding anything in this Agreement to the contrary, the Partnership will make no distributions that are prohibited by the Partnership Act.

8. Accounting And Taxation.

8.1 Fiscal Year. The fiscal year of the Partnership shall be the calendar year or such other annual period as is selected by the Management Committee and approved (to the extent necessary) by requisite governmental authorities for financial or tax reporting purposes.

8.2 Location Of Records. The books of account for the Partnership shall be kept and maintained at the principal office of the Partnership or at such other place as the Management Committee shall determine.

8.3 Books Of Account. The books *of* account for the Partnership shall be:

8.3.1 Maintained on an accrual basis in accordance with Required Accounting Practice; and

8.3.2 Audited by the Certified Public Accountants at the end of each fiscal year.

8.4 Annual Financial Statements And Tax Information. The Management Committee shall cause to be prepared and delivered to each Partner:

8.4.1 Within 55 calendar days after the end of each fiscal year, a profit and loss statement and a statement of changes in financial position for such fiscal year, a balance sheet and a statement of each Partner's Capital Account as of the end of such fiscal year, together with a report thereon of the Certified Public Accountants; and

8.4.2 Within 45 calendar days after the end of each fiscal year, at the expense of the Partnership: (i) such information as is necessary (including a statement for the previous fiscal year of each Partner's share of items of net income, net gains, net losses and other items of the Partnership and distributions of cash made) for the preparation by the Partners of their federal, state and local income and other tax returns and (ii) a copy of all supporting schedules for the foregoing information, including those items required to be separately stated on Schedule K-1 submitted to the Partners.

8.5 Interim Financial Statements. Within 35 days after the end of each fiscal quarter, the Management Committee shall cause to be prepared and delivered to each Partner, with an appropriate certificate of the Person authorized to prepare the same:

8.5.1 A profit and loss statement and a statement of changes in financial position for such quarter (including sufficient information to permit the Partners to calculate their tax accruals), for the portion of the fiscal year then ended and for the twelve-month period then ended;

8.5.2 A balance sheet and a statement of each Partner's Capital Account as of the end of such fiscal quarter; and

8.5.3 A statement comparing the actual financial status and results of the Partnership as of the end of or for such fiscal quarter and the portion of the fiscal year then ended with the budgeted or forecasted status and results as of the end of or for such respective periods.

8.6 Taxation.

8.6.1 The Parties intend that the Partnership shall be treated as a "partnership" for Federal and state income tax purposes. The Partnership's Federal and state income tax returns shall be approved by the Management Committee and subject to review by the Certified Public Accountants, counsel or other Person or Persons designated by the Management Committee for such purpose. All of the Partnership elections for Federal and state income tax purposes shall be determined by Super-Majority Vote of the Management Committee, except those specifically reserved by the Code to be made by the individual Partners.

8.6.2 The Management Committee shall designate a "tax matters Partner", under Section 6231 of the Code (the "Tax Matters Partner"), which Partner shall be a General Partner and a U.S. Entity. The Tax Matters Partner as of the date of this Agreement shall be TCIL. The Tax Matters Partner and the partnership representative (as defined below), as applicable, shall promptly notify the Partners if any state or Federal income tax return or report of the Partnership is audited or if any adjustments are proposed by any governmental authority. In addition, the Tax Matters Partner and the partnership representative, as applicable, shall promptly furnish to the Partners all notices concerning administrative or judicial actions relating to Federal and state tax matters. During the pendency of any such administrative or judicial actions, the Tax Matters Partner and the partnership representative, as applicable, shall furnish to the Partners periodic reports, not less often than monthly, concerning the status of any such action. Without the consent of each Partner, the Tax Matters Partner and the partnership representative, as applicable, shall not extend the statute of limitations, file a request for

administrative adjustment, file suit concerning any tax refund or deficiency relating to any Partnership administrative adjustment or enter into any settlement agreement relating to any Partnership item of income, gain, loss, deduction or credit for any fiscal year of the Partnership. Any reasonable, documented cost or expense incurred by the Tax Matters Partner or the partnership representative, as applicable, in connection with its duties, including the preparation for or pursuance of administrative or judicial proceedings, shall be paid by the Partnership. Notwithstanding anything herein to the contrary, for allocation periods and tax years beginning on or after January I, 2018, the Tax Matters Partner shall act as the "partnership

representative" for the Partnership pursuant to Section 6223 of the Code (as enacted and/or adopted by Section 1101 of the Bipartisan Budget Act of 2015, as amended from time to time (the "Budget Act")) and shall adopt, subject to the mutual consent of the Partners, amendments to this Section 8.6.2 that comply with and implement the provisions of Section 1101 of the Budget Act. If the Partnership receives a notice of final partnership adjustment from the Internal Revenue Service to which the provisions of Section 1101 of the Budget Act are applicable, the partnership representative shall cause the Partnership to (a) elect the application of Section 6226 of the Code, as amended by Section 1101 of the Budget Act, with respect to any imputed underpayment arising from such adjustment, and (b) furnish to each Partner a statement of such Partner's share of any adjustment to income, gain, loss, deduction, or credit (as determined in the notice of final partnership adjustment). Notwithstanding anything herein to the contrary, the Partnership shall not make any election pursuant to Section ll0l (g) of the Budget Act to cause Sections 6221-6241 of the Code (as amended by the Budget Act) to apply to any tax year of the Partnership beginning prior to January 1, 2018.

8.6.3 The Tax Matters Partner may engage, on behalf of the Partnership, independent tax advisors with master limited partnership experience to assist in the performance of its duties as determined by the Management Committee.

8.7 Governmental Reports. Under the direction of the Management Committee, the Partnership shall prepare and file, or cause to be prepared and filed, all reports prescribed by the FERC and any other commission or governmental agency having jurisdiction.

8.8 Inspection Of Facilities And Records. Each Partner shall have the right at all reasonable times during usual business hours to inspect the facilities of the Partnership and to audit, examine and make copies of the books of account and other records of the Partnership. Such right may be exercised through any agent or employee of such Partner designated in writing by it or by an independent public accountant, petroleum engineer, attorney or other consultant so designated. The Partner making the request shall bear all costs and expenses incurred in any inspection, examination or audit made at such Partner's behest.

8.9 Deposit And Withdrawal Of Funds. Funds of the Partnership shall be deposited in such banks, or other depositories as shall be designated from time to time by the Management Committee. All withdrawals from any such depository shall be made only as authorized by the Management Committee or by the Operator pursuant to the Operating Agreement and shall be made only by check, wire transfer, debit memorandum or other written instruction.

9. Management Of The Partnership.

9.1 General Management Structure.

9.1.1 The major policies of the Partnership shall be established by the Management Committee, which, except as otherwise provided in this Agreement, shall have exclusive authority with respect to managing the affairs of the Partnership, including supervising the management of the affairs of the Partnership by the Operator and reviewing the Operator's performance of its management duties. No General Partner, except as specified in the Operating Agreement, shall have authority to act for, or assume any obligation or responsibility on behalf of, the Partnership without the prior written approval of the Management Committee, and no Limited Partner shall have any authority whatsoever to act for, or assume any obligation or responsibility on behalf of, the Partnership.

9.1.2 The day-to-day management of the affairs of the Partnership, including maintenance of the financial and other records and books of account of the Partnership, supervision and construction of the Facilities, and activities reasonably related thereto, shall be the responsibility of the Operator, whose performance of such duties shall be subject to supervision and review by the Management Committee.

9.1.3 The Partnership is the sole shareholder of the share(s) of the Operator. So long as the Partnership continues to be the sole shareholder of the share(s) of the Operator, (i) each Partner shall nominate one Director of the Operator and the Partnership shall vote the share(s) of the Operator so as to elect the Directors so nominated; (ii) the Chairman of the Partnership Management Committee shall be the Chairman of the Board of Directors of the Operator; (iii) in the event of the resignation or removal of a Director nominated by a Partner, the Partnership shall vote the share(s) of the Operator so as to elect a new Director nominated by such Partner; and (iv) the affirmative vote of Partners representing 85% or more of the total Percentage Interests of the Partners shall be required to vote the share(s) of the Operator with respect to all other matters.

9.2 Management Committee.

9.2.1 The members of the Management Committee shall be two Representatives of each Partner designated from time to time by such Partner by written notice to each other Partner and the Partnership. Only one Representative of each Partner shall be entitled to vote at Management Committee meetings or on actions taken by the Management Committee without a meeting. Each Partner shall, by notice to the Management Committee, designate which of its Representatives is its voting Representative for the purposes of any meeting of the Management Committee or action taken without a meeting and, if applicable, whether its other Representative or

an Alternative Representative is entitled to vote in the absence of its designated voting Representative. A Partner may, in its sole discretion, from time to time change the Representative designated to vote on its behalf. In addition to a notice given pursuant to Section 13.2 hereof, notice of its designated voting Representative given by a Partner in person at a Management Committee meeting at which a quorum is present shall constitute sufficient notice of such Partner's designated voting Representative for such meeting. By like notice, each Partner may designate one or more Alternate Representatives who shall have authority to act in the absence of any of its Representatives. Nothing shall preclude two or more Partners from designating the same Representative or Alternate Representative. Any Partner may at any time, by written notice to all other Partners and to the Partnership, remove any of its Representatives or Alternate Representatives on the Management Committee and designate a new Representative or Alternate Representative. Each Representative shall serve on the Management Committee until his successor shall be duly designated or until his death, resignation or removal by the Partner or Partners which appointed him. Any action taken by the Partnership in compliance with the direction of the Management Committee pursuant to its authority hereunder shall be binding on the Partnership and each Partner, whether such direction was approved by the regular members of the Management Committee in accordance with the provisions hereof or one or more of the Alternate Representatives, and the participation and acts (including the execution of any documents) by any Alternate Representative of a Partner shall be deemed to be the act of the Representative for which such Alternate Representative is acting without, in the case of any written document, any evidence of the absence or unavailability of such Representative.

9.2.2 The Chairman of the Management Committee shall be a Representative on the Management Committee, and shall be elected by the Management Committee annually. The office of Chairman shall be rotated annually between a Representative appointed by DMLP or its Affiliates and a Representative appointed by TCIL or its Affiliates. There shall be a Secretary of the Management Committee who may or may not be a voting member thereof.

9.2.3 The Chairman shall preside at all meetings of the Management Committee, which shall meet quarterly subject to less frequent meetings upon approval of the Management Committee by a Majority Vote. Notice of and an agenda for all Management Committee meetings shall be provided by the Chairman to all Representatives at least ten days prior to the date of such meetings.

(a) Special meetings of the Management Committee may be called at such times and places, and in such manner, as any Partner deems necessary. Any Partner calling for any such special meeting or for

any other meeting of the Partnership shall notify the Chairman who in turn shall notify all Representatives or Partners, as appropriate, of the date and agenda for such meeting(s) at least ten (10) days prior to the date of such meetings. The Chairman may shorten the ten day notice period only in extraordinary circumstances. Written minutes of all meetings shall be maintained.

(b) Any action required or permitted to be taken by the Management Committee may be taken without prior written notice thereof, by written consent in lieu of meeting if signed by the designated voting Representatives of all of the Partners. Any action required or permitted to be taken by the Management Committee also may be taken, upon ten (10) business days' written notice thereof to each Partner, by written consent in lieu of meeting if signed by the designated voting Representatives of Partners whose Percentage Interests aggregate not less than the Percentage Interests required for approval of such action under this Agreement if voted on at a meeting of the Management Committee. If the action authorized by written consent has not been taken within sixty (60) days of the effective date set forth in the written consent, such consent shall be deemed to have expired. Written notice of the taking of an action authorized by written consent shall be given to the Representatives of all Partners within five (5) business days of such action being taken.

9.2.4 The Management Committee may, by Super-Majority Vote, create such committees for the management of the Partnership as it may deem necessary or appropriate. If the Management Committee creates any such new committee, it shall issue one or more written delegations of authority for such committee. Any such delegation of authority may be valid for the specific periods of time set forth therein or may be valid until revoked or amended. In all cases, any delegation of authority shall be considered a temporary grant of authority and the Management Committee may, by Super-Majority Vote, at any time and from time to time, amend or revoke any such delegation of authority.

9.2.5 Except for those actions specified in this Agreement as requiring a Super-Majority Vote, the Management Committee shall act upon a Majority Vote. Subject to Section 5.3.4, for this purpose each designated voting Representative shall have a number of votes equal to the Percentage Interest(s) of the Partner or Partners(s) he represents at the time any such matters are voted on; and a majority of such votes shall be the vote of a majority of the Percentage Interests.

9.2.6 The approval of the Management Committee by Majority Vote shall be necessary as provided in this Agreement and before any of the following actions can be taken on behalf of the Partnership:

(a) Entering into or making a commitment to construct or acquire an Incremental Expansion, or agreeing to a waiver of any of the conditions precedent to such a commitment, if the estimated cost of such Incremental Expansion as determined pursuant to Section 4.8.2(a) is equal to or less than Ten Million Dollars.

(b) Approval of the operating and capital budgets for the Facilities (other than as provided in Section 9.2.7(a) for certain Incremental Expansions) and the establishment of cash reserves; provided, however, if the Management Committee fails to approve the operating budget for the Facilities for any fiscal year, then the most recent annual operating budget approved by the Management Committee, adjusted for inflation by the increase, if any, in the Producer Price Index since the first day of the fiscal year for which such last operating budget was approved, and excepting out Non-recurring or non-routine costs, but with additions for estimated expenditures for scheduled Facilities maintenance or turnaround or as required by good operating practices in the gas pipeline business and the contractual obligations of the Partnership, shall continue in effect as the approved operating budget for the next fiscal year or until a new approved operating budget is adopted by the Management Committee;

(c) Execution of interim and permanent financing agreements and commitments relating to the Facilities and any amendments thereto other than as provided in Section 4.10 with respect to financing commitments for certain Incremental Expansions;

(d) Timing and amounts of Capital Contributions of Ten Million Dollars ($10,000,000) or less to be made by the Partners in accordance with the provisions of Section 5.2.3 or 5.2.4;

(e) Timing and amounts of cash distributions to Partners that are within the scope of the Partnership's then existing cash distribution plan;

(f) Creation of a Financing Corporation related to financing, determination of the state of incorporation thereof and approval of the form and content of such Financing Corporation's certificate or articles of incorporation and bylaws;

(g) Selection and retention of counsel and the Certified Public Accountants; provided, however, that the Director of Legal Services of the Operator shall, upon advice to the Chairman of the Management Committee and without further approval of the Management Committee, be authorized to retain counsel for services to be performed at a cost of no more than $50,000 annually;

(h) Any change in the authority and responsibility of the Operator for the management of the Partnership's affairs pursuant to this Agreement;

(i) Payments of amounts due to Withdrawn Partners, or to Partners while they are deemed to have temporarily withdrawn from the Partnership pursuant to the terms of this Agreement;

(j) Filing of the Partnership's Tariff or any amendment thereto, relating to the Facilities with the FERC; provided, however, that approval of the Management Committee shall not be required in the case of (I) tariff compliance filings filed by the Operator pursuant to Section 3.1.2 of the Operating Agreement and (2) revisions to rates, fees and tariff provisions, which will not affect annual revenues by more than $100,000 which are filed by the Operator pursuant to Section 5.4 of the Operating Agreement;

(k) Selection of a successor Operator, if such becomes necessary;

(I) Amendment or termination of any Gas Transportation Contracts and the execution, amendment or termination of any successor agreement thereto; provided, however, that approval of the Management Committee shall not be required in the case of Gas Transportation Contracts or other service contracts executed by the Operator pursuant to Section 2.2 of the Operating Agreement;

(m) Approval of the initial size, general design requirements and location of the Facilities and any material changes thereto (except as otherwise provided in Section 4.9); and

(n) Except for actions by the Management Committee which require a Super-Majority Vote by the express terms of this Agreement, any other actions by the Management Committee under this Agreement.

9.2.7 The approval of the Management Committee by Super-Majority Vote shall be necessary as provided in this Agreement and before any of the following actions can be taken on behalf of the Partnership:

(a) Entering into or making a commitment to construct or acquire an Incremental Expansion, or agreeing to a waiver of any of the conditions precedent to such a commitment, if the estimated cost of such Incremental Expansion as determined pursuant to Section 4.8.2(a) exceeds Ten Million Dollars;

(b) Changes to, or suspension of, the cash distribution plan of the Partnership as in effect on the date of this Agreement and the timing and amounts of cash distributions to Partners that are not within the scope of the Partnership's then existing cash distribution plan;

(c) Timing and amounts of Capital Contributions exceeding Ten Million Dollars ($10,000,000) to be made by the Partners in accordance with the provisions of Section 5.2.3 or 5.2.4;

(d) Establishment of Partnership tax policies and determination of Partnership tax elections and any modifications thereof;

(e) Any change in the authority and responsibility delegated in this Agreement to the Management Committee, any change in the vote required to approve any action by the Management Committee, and any change in the voting procedures and voting

mechanics of the Management Committee;

(f) Creation of any liens on or security interests in any of the assets of the Partnership;

(g) The settlement of any cases brought pursuant to Sections Four (4) or Five (5) of the Natural Gas Act and the acceptance of regulatory orders approving any such settlement;

(h) The settlement of any litigation or other adversarial proceeding that would require payments by the Partnership totaling in excess of $10,000,000;

(i) The admission of any Person as a Partner of the Partnership pursuant to Section 11 hereof, if Management Committee approval is required for such admission;

(j) Approval of any voluntary Capital Contributions to the Partnership except as otherwise expressly provided for in this Agreement;

(k) Consolidation or merger of the Partnership with or into any other Person; any purchase or other acquisition by the Partnership of all or substantially all of the assets or equity ownership interests of any Person; any recapitalization or reorganization of the Partnership; any conversion of the Partnership into a different business entity or type of business entity; or entering into any joint venture or other business combination;

(I) Any sale or other disposition of all or substantially all of the assets of the Partnership in one transaction or a series of transactions;

(m) Commencement of or consent to any dissolution or liquidation proceeding with respect to the Partnership under any bankruptcy, insolvency, reorganization, arrangement, dissolution or liquidation law or similar statute;

(n) Making or entering into any agreement to do or undertake any of the actions contained in this Section 9.2.7; and

(o) Any other action for which the approval of the Management Committee by Super-Majority Vote is expressly required by this Agreement.

9.2.8 Without modification of its general authority under Section 9.1.1, the Management Committee is hereby specifically authorized to cause to be initiated and made any eminent domain takings permitted by state or Federal law and required for the construction, acquisition, operation and maintenance of the Facilities, and the Partners agree to join in any such takings to the extent permitted or required by Federal or state law; provided, however, that a Limited Partner shall be entitled to abstain from taking any action otherwise required under this Section 9.2.8 in its sole discretion.

9.2.9 A Limited Partner may cause its Representative (or Alternate Representative, as the case may be) on the Management Committee (or any other committee provided for herein) to abstain from voting on any issues before, or participating in any other activities of, such committee, in such Limited Partner's sole discretion.

9.3 Audit Committee.

9.3.1 The Management Committee shall appoint an Audit Committee and the members thereof. Each member of the Audit Committee shall be a Representative or an employee of a Partner or its Affiliate. The Audit Committee shall consist of not less than two and not more than five members; provided that a Representative of each General Partner, or an employee of each General Partner or its Affiliate, will be members of the Audit Committee. The Management Committee shall designate one member of the Audit Committee to serve as Chairman of the Audit Committee. Decisions of the Audit Committee shall be by majority vote of the members. Each member shall serve on the Committee for a two year term, unless his successor shall earlier be duly appointed or until his earlier death, ineligibility to serve, resignation or removal by the Management Committee.

9.3.2 The Audit Committee shall meet twice annually subject to less frequent meetings upon the Majority Vote of the Management Committee, and at such other times as called by its Chairman, or by any two members of the Committee by notice to the Chairman. The Chairman shall designate the time and place of all Audit Committee meetings and shall provide notice of and an agenda for each meeting at least five days prior to the time fixed for such meeting, unless such notice is waived by all committee members. Meetings shall be conducted in accordance with the scope of authority

and/or committee charter of the Audit Committee as determined by the Management Committee, as the same may be revised by the Management Committee from time to time. Written minutes of each meeting shall be maintained.

9.3.3 The Audit Committee shall, on behalf of the Partnership:

(a) Consult with internal and external auditors;

(b) Review and monitor the internal audit coverage and plans for coverage;

(c) Analyze and approve internal audit operating philosophies and strategies;

(d) Review the results of all financial audits;

(e) Review the results of all recommendations for corrective action; and

(f) Perform such other responsibilities as are set forth in the committee charter of the Audit Committee, as the same may be revised by the Management Committee from time to time.

9.3.4 The Audit Committee shall report fully to the Management Committee at the request of the Management Committee and at such times and places as the Management Committee deems advisable.

9.4 Design And Construction Of The Facilities. The Partnership may enter into such service contracts and other appropriate agreements as shall be prepared and negotiated by the Operator, subject to review and approval by the Management Committee, with any Person (including, without limitation, any Partner or Affiliate of any Partner) for the acquisition, planning, design and construction of the Facilities.

9.5 Related Party Contracts. Any contract between the Partnership and one or more Partners and/or their respective Affiliates shall be considered a "Related Party Contract." The Partners hereby acknowledge that each of the Partners or their respective Affiliates may, from time to time, enter into one or more Related Party Contracts with the Partnership (the Partner who is, or whose Affiliate is, a party to a Related Party Contract with the Partnership is herein referred to as the "Related Party Partner" and the other Partners (other than any Affiliate of the Related Party Partner) are herein referred to as the "Independent Partners"). The Partnership's administration, supervision and enforcement of all Related Party Contracts shall be undertaken on behalf of the Management Committee exclusively by the Representatives appointed by the Independent Partners. Additionally, all Partnership decisions with respect to a Related Party Contract shall be made on behalf of the Management Committee exclusively by the Representatives appointed by the Independent Partners. For the avoidance of doubt, the Representatives

appointed by the Independent Partners shall, upon written notice to the Representatives appointed by the Related Party Partner (but without receiving the consent of such Representatives), have the exclusive right on behalf of the Management Committee to cause the Partnership, to make any decisions with respect to a Related Party Contract (provided such decisions are not inconsistent with the terms of such Related Party Contract), and to exercise any rights or remedies available to the Partnership under any Related Party Contract, including the right to: (i) terminate any Related Party Contract in accordance with its terms; (ii) enforce the terms of any Related Party Contract on behalf of the Partnership against the Related Party Partner in accordance with its terms; or (iii) seek damages or other relief on behalf of the Partnership for any breach by a Related Party Partner of any Related Party Contract in accordance with its terms. The negotiation of any future Related Party Contracts shall be undertaken on behalf of the Management Committee exclusively by the Representatives appointed by the Partners that will be the Independent Partners if the contract is entered into. The Partnership will only enter into such future Related Party Contracts that are approved on behalf of the Management Committee by the Representatives appointed by the Partners that will be the Independent Partners if the contract is entered into. Any dispute between a Related Party Partner and the Representatives appointed by the Independent Partners regarding: (y) the interpretation of a Related Party Contract; or (z) whether the Independent Partners in exercising its/their rights under this Section 9.5 acted in accordance with the terms of a Related Party Contract, shall be resolved in accordance with the dispute resolution procedures set forth in the relevant Related Party Contract. For the avoidance of doubt, actions taken under this Section 9.5 by or on behalf of the Management Committee with respect to a Related Party Contract shall require the affirmative vote, approval or consent of Representatives representing Independent Partners who, in the aggregate, own greater than 50% of the Percentage Interests in the Partnership owned by Independent Partners.

9.6 Limitation Of Authority. The Partners, the Management Committee, the Representatives, the committees (if any) appointed by the Management Committee pursuant hereto and the Operator shall not have authority to take any action inconsistent with the terms of this Agreement, the Partnership Act or any other applicable law, rule or regulation.

9.7 Indemnification. The Partnership shall indemnify and save harmless the Representatives appointed to the Management Committee and the members of any committee established hereunder or by the Management Committee pursuant hereto, against all actions, claims, demands, costs and liabilities arising out of the acts (or failure to act) of such Persons in good faith within the scope of their authority in the course of the Partnership's business, and such Persons shall not be liable for any obligations, liabilities or commitments incurred by or on behalf of the Partnership as a result of any such acts (or failure to act).

9.8 Operation of the Facilities. The Operator shall perform its duties under Section 9.1.2 of this Agreement pursuant to and in accordance with the terms of the Operating Agreement. All of the terms and provisions of the Operating Agreement,

Including, without limitation, Sections 15.12 and 15.13 thereof, are approved, ratified and confirmed by all the Partners. The Management Committee may, by Majority Vote, at any time agree to an amendment to the Operating Agreement or, in the event that the Operating Agreement is terminated pursuant to the terms thereof or the Operator is removed as hereinafter provided, select a new Operator or Operators. The Management Committee may remove the Operator, with or without cause, by Majority Vote; provided, however, that if the Operating Agreement is a Related Party Contract, then the terms of Section 9.5 shall control with respect to actions taken by the Management Committee with respect to such Operating Agreement. It is not intended that ownership of the Operator by the Partnership shall cause any Partner to be deemed to be an Affiliate of the Operator. A vote on removal of the Operator may be held only after the Operator has been given reasonable notice of, and an opportunity to be heard on, a call for its removal by one or more Partners. Termination of the Operating Agreement pursuant to the terms thereof shall also result in automatic removal of the Operator. Any successor Operator selected pursuant to this Section 9.8 shall execute and be bound by an operating agreement substantially in the form of the original Operating Agreement entered into by the Partnership, unless the Management Committee otherwise provides for amendment of such form of Operating Agreement.

9.9 Other Positions Or Representations. Any Representative on the Management Committee and any member of any committee established hereunder or by the Management Committee pursuant hereto, may also be an officer, director or employee of a Partner or one or more Affiliates of a Partner.

10. Limitation Of Liabilities.

10.1 Limitation On Liability Of Partners Generally. Subject to the provisions of applicable law, no Partner shall be liable to third Persons for Partnership losses, debts, liabilities or obligations, except as otherwise expressly agreed to in writing by such Partner, unless the assets of the Partnership shall first be exhausted.

10.2 Limitation On Liability Of Limited Partners. In no event shall any Limited Partner or any Representative of any Limited Partner be expected or required to take any action, directly or indirectly, which, in the sole judgment of such Limited Partner, may subject it to liability or potential liability.

10.3 Limitation Of Authority Of Partners. Except as specified in the Operating Agreement, no Partner shall have the authority to act for, or assume any obligation or responsibility on behalf of, any other Partner, without the prior written approval of such other Partner. No Limited Partner shall, in any event, have any authority whatsoever to act for or assume any responsibility on behalf of the Partnership.

10.4 Cross-Indemnification. Each Partner (for purposes of this Section 10.4, the "indemnitor") shall indemnify and hold harmless each of the other Partners (for purposes of this Section 10.4, the "indemnitee") and the Affiliates, directors, officers, partners (other than the Partners to this Agreement), employees, agents and

representatives of the indemnitee from and against any costs, losses, claims, damages and liabilities arising out of any act of or any assumption of any obligation or responsibility by the indemnitor or any of its Affiliates, directors, officers, partners (other than the Partners to this Agreement), employees, agents or representatives which act is performed or obligation is assumed in connection with the indemnitor's status as a Partner in the Partnership and (a) has the effect of binding the indemnitee, or (b) has the effect of making the indemnitee liable without its consent (including, without limitation, sales or other acts entirely on its part which may give rise to product liability claims); provided, however, that this Section 10.4 shall have no application with respect to any actions taken (i) on behalf of the Partnership by, or on behalf of, the Management Committee in conformance with this Agreement, (ii) on behalf of one Partner by another Partner in conformance with this Agreement or (iii) by, or on behalf of, the Operator in conformance with the Operating Agreement. Notwithstanding the foregoing, the liability of any Limited Partner pursuant to this Section 10.4 shall not exceed (A) the amount of such Limited Partner's Percentage Interest in the Partnership, which liability shall be subject to satisfaction only out of such Percentage Interest, and (B) the amount of any unpaid installment of Capital Contributions theretofore requested in writing by the Management Committee in accordance with Section 5.3, plus accrued interest thereon to the extent provided in said Section 5.3.

11. Transfer or Pledge of Partnership Interests.

11.1 Limitation on Right To Transfer Partner's Interest.

11.1.1 Subject to (a) the right of first refusal herein provided, (b) the requirements of Section 11.1.2, and (c) the prior approval of the Management Committee (which shall not be unreasonably withheld) to the extent such approval is required by this Section 11.1.1, a Partner (the "Transferring Partner") may sell, assign or otherwise transfer all or any part of its right, title or interest in the Partnership or all or any part of its right, title or interest in any evidence of indebtedness of the Partnership (the "Interest") to any other Person which has made a valid and binding offer in cash or cash equivalents to purchase the Interest (the "Offeror") and which has agreed to assume by operation of law or by express agreement with the Partnership (as provided herein or otherwise in form and substance reasonably satisfactory to the Management Committee) all of the obligations of the Transferring Partner under this Agreement to the extent of the Interest transferred. The affirmative vote of members of the Management Committee representing more than 50% of the total Percentage Interests of the Partners other than the Transferring Partner and its Affiliates, not to be unreasonably withheld, that the transfer of the Interest will not adversely affect the financial and operating integrity of the Partnership shall also be required unless the long-term senior unsecured non-credit enhanced debt securities of the Offeror, or of any guarantor of the Offeror's obligations under the Partnership Agreement, are rated BBB- or better by Standard & Poor's or are rated Baa3 or better

by Moody's Investors Services. Forthwith after acceptance of an offer from an Offeror to purchase the Interest (conditioned on the satisfaction of the requirements of this Section), the Transferring Partner shall give notice in writing thereof to all of the other Partners enclosing a true copy of the offer. If the offer includes non-cash consideration for the transferred Interest, such notice shall set forth the Transferring Partner's reasonable determination of the cash equivalent value of such non-cash consideration and shall indicate in reasonable detail the basis for such calculation. If the offer contemplates an Indirect Transfer (as defined below), such notice shall set forth the Transferring Partner's reasonable determination of the portion of the offered price attributable to the Transferring Partner's Interest in the Partnership (the "Interest Indirect Transfer Price") and shall indicate in reasonable detail the basis for such calculation. The other Partners shall have a right of first refusal, exercisable within 30 days of receipt of such notice, to purchase the Interest on the same terms and conditions as such offer (or, if all of the other Partners so elect, on the basis of the cash equivalent value of such offer) on a pro rata basis (determined by dividing each such Partner's Percentage Interest by the sum of the Percentage Interests of all the Partners other than the Transferring Partner). The Partners which elect in the first election round to purchase any portion of their respective pro rata shares of the Interest may allocate the purchase of the Interest among such Partners on a basis unanimously agreed to by such Partners, provided that such Partners collectively agree to purchase I 00% of the Interest. If any such Partner does not elect to purchase its full pro rata share of the Interest in such election round, the Partners which elected to purchase their respective full pro rata shares in the election round ("fully-electing Partners")

shall have the right to elect to purchase the remaining portion of the Interest on a pro rata basis (determined by dividing each such fully electing Partner's Percentage Interest by the sum of the Percentage Interests of all such fully-electing Partners) which right must be exercised within five days after the expiration of the election round. If the Partners after compliance with the procedures specified above in this Section II. I.I do not elect to purchase 100% of the Interest and if the Management Committee has given its approval as specified in this Section 11.1.1, then the Transferring Partner shall thereafter be free to complete the transfer of 100% of the Interest to the Offeror; provided, however, that such transfer may not be effectuated unless it is strictly in accordance with the terms and conditions of the offer of which the other Partners were previously given notice as provided herein and, in compliance with any applicable Federal or state registration requirements or exemption(s) therefrom. If the transfer of the Interest to the Offeror is not consummated within 90 days after the expiration of the last election round referred to above, no transfer by the Transferring Partner to the Offeror or any other Person may be made without again complying with this Section 11.1.1. A transfer of any or all of the ownership of a Partner, or a transfer of any or all of the ownership of a

direct or indirect Parent of a Partner the majority of the value of whose assets are represented by the value of its indirect ownership interest in the Partnership, shall be deemed to be a transfer (an "Indirect Transfer") of all of such Partner's interest in the Partnership (including the indebtedness or equity thereof) for purposes of this Section 11.1.1 and shall be subject to the rights of first refusal provided for herein. For the purposes of the rights of first refusal provided for herein, in the case of any such Indirect Transfer, and notwithstanding anything to the contrary set forth herein, the Partner whose interest is subject to such Indirect Transfer shall be deemed to be the "Transferring Partner," the interest in the Partnership owned by such Partner shall be deemed to be the "Interest" being transferred and the Interest Indirect Transfer Price shall be deemed to be the applicable offer for the purposes hereof and for the rights of first refusal provided for herein to the same extent as if such offer had been made directly for such Partner's interest in the Partnership.

11.1.2 Subject to Section 11.4, additional Persons may become parties to this Agreement and Additional Partners of the Partnership under this Section 11 only upon the following conditions:

(a) Such admission shall be in compliance with any agreements with security holders of the Partnership or others that may require the consent of such security holders or other parties to the admission of Additional Partners;

(b) Such admission shall be in compliance with all applicable requirements of law, including the Natural Gas Act, the applicable rules and regulations of the FERC and, any applicable Federal or state securities laws, rules and regulations; and

(c) Such Person's admission shall be subject to the prior written approval of the Management Committee to the extent required by Section 11.1.1.

11.1.3 Notwithstanding anything herein to the contrary, the provisions of Section 11.1.1 and 11.1.2(c) shall not be applicable to transfers, direct or indirect, between or among Affiliates.

11.2 Legend On Evidences Of Indebtedness Held By Partners. As long as this Agreement shall remain in effect, all evidences of indebtedness of the Partnership to any of the Partners or their Affiliates shall bear an appropriate legend to indicate that it is held subject to, and may be assigned or transferred only in accordance with, the terms and conditions of this Agreement.

11.3 Transfers By Partners. Notwithstanding anything to the contrary contained in this Section 11 (other than the terms of Sections 11.1.2(a) and J:hl), a Partner may

Undertake without the consent of the Management Committee or any other Partner, and the terms of Section 11. U and 11.1.2(c) shall be inapplicable to:

11.3.1 The transfer by any Partner of all or any part of its right, title and interest in the Partnership (including indebtedness thereof) and in this Agreement to an Affiliate of the transferor, provided that the terms of Sections 11.1.2(a) and .(hl are satisfied and such Affiliate assumes by operation of law or express agreement with the Partnership in accordance with the terms hereof or otherwise in form and substance reasonably satisfactory to the Management Committee all of the obligations of the transferor under this Agreement to the extent of the interest transferred.

11.3.2 The transfer (by operation of law or otherwise) by any Partner of all of its right, title and interest in the Partnership (including indebtedness thereof) and in this Agreement, in connection with a sale of all or substantially all of the equity ownership interests or assets of a direct or indirect Parent of such Partner, or a merger of such direct or indirect Parent into or with another Person, in either case in a transaction in which a majority of the value of the assets included in such transaction are unrelated to the Partnership.

11.3.3 An assignment, pledge or other transfer creating a security interest (and any transfer made in foreclosure or other enforcement of such security interest) in all or any portion of a Partner's right, title or interest in the Partnership and in this Agreement, under any mortgage, indenture, deed of trust or security agreement (the "Assigned Interest") created by any Partner; provided, however, that (a) the assignee, pledgee, mortgagee, trustee or secured party shall hold the same subject to all of the terms of this Agreement; (b) such assignee, pledgee, mortgagee, trustee or secured party, or any transferee of such Assigned Interest (the "Secured Party"), shall not become a substitute Partner unless the terms of Sections 11.1.2(a) and 11.1.2(b) are satisfied; and (c) unless and until such Secured Party becomes a substitute Partner in accordance with the foregoing clause (b), it shall not have any voice in the management of the Partnership as a result of any such transfer and shall have no right to enforce any provision of this Agreement against any Partner.

11.4 Effect of Permitted Transfers. No sale, assignment, pledge or other transfer (including a transfer creating a security interest) pursuant to this Section 11 shall give rise to a right in any Partner or Partners to dissolve the Partnership. Except as provided in this Section 11.4, no such sale, assignment, pledge or other transfer shall give rise to a right in any transferee to become a Partner in the Partnership Upon any direct transfer permitted by Section 11.1.1, 11.3.1 or 11.3.2, as applicable, upon satisfaction of the terms thereof and the applicable conditions of Section 11.1.2, the transferee shall be automatically admitted as a Partner in substitution for, or in the case of a partial transfer, in addition to, the transferor Partner, upon execution of a counterpart of this Agreement. In the event of such a

Transfer, the Percentage Interests of the transferee and transferor Partners shall be modified in accordance with Section 5.1.

11.5 Effect of Prohibited Transfers. Any transfer of an interest in the Partnership by a Partner in violation of the terms of this Agreement shall be void and shall not be recognized by the Partnership. Any such transfer shall not cause a dissolution of the Partnership but shall result in the forfeiture of the transferor Partner's right to participate in the management of the Partnership, and the voting rights and requirements under this Agreement shall be appropriately modified; provided, however, that nothing herein shall be deemed to limit any right or remedies that the Partnership or any other Partner may have against such transferor Partner.

11.6 Tax Election. In the event that the interest of a Partner is transferred with the consent of the Management Committee, or otherwise as permitted by this Section 11, the Partnership will make an election pursuant to Code Section.754.

11.7 Pledge Of Interest. Except as permitted by the provisions of Section 11.3.3, no Partner shall be permitted to pledge or otherwise grant a security interest in and to its Interest.

11.8 General Partner as a Limited Partner. A General Partner may also be a Limited Partner to the extent that it becomes the transferee of all or part of the Percentage Interest previously held by a Limited Partner. A Partner which is both a General Partner and a Limited Partner shall have the rights and powers, and shall be subject to the restrictions and liabilities, of a General Partner under this Agreement and shall, to the extent of the Percentage Interest held by such Partner as a Limited Partner, have the rights and powers, and shall be subject to the restrictions, of a Limited Partner under this Agreement. Notwithstanding any other provision in this Agreement to the contrary, in the event a General Partner owns a Percentage Interest in the Partnership as a General Partner and as a Limited Partner, the obligation of such Partner to the Partners and/or the Partnership, whether pursuant to its obligations to make Capital Contributions, indemnification or contribution available under applicable law, shall be measured by such Partner's combined Percentage Interests in the Partnership as a General and a Limited Partner, and not merely by its General Partner Percentage Interest.

12. Termination And Right Of Withdrawal.

12.1 Term Of Partnership; Voluntary Dissolution. Subject to the other terms and conditions of this Agreement, including, without limitation, the provisions of Section 12.2, the Partnership and this Agreement shall continue in existence until October 31, 2089 and from year to year thereafter; provided, however, that a Partner may elect to dissolve the Partnership and terminate this Agreement as of October 31, 2089 or as of the end of any succeeding extended annual period by giving the other Partners written notice of such election not less than one year prior to the date such dissolution is to take effect.

12.2 Automatic Dissolution. The Partnership shall be automatically and without notice dissolved upon the happening of any of the following events:

12.2.1 The sale or abandonment of all or substantially all of the Partnership's business and assets; provided, however, that any such sale or abandonment may only be made pursuant to a Super-Majority Vote of the Management Committee;

12.2.2 Any event which shall make it unlawful for the business of the Partnership to be carried on; or

12.2.3 Any event which, under the Partnership Act or any other applicable law, rule or regulation requires or results in dissolution of the Partnership.

12.3 Automatic Withdrawal. A Partner, upon the happening of any of the following events, shall be deemed to have withdrawn from the Partnership and be entitled to receive payment only as specified in Section 5.5 of this Agreement:

12.3.1 The entry by a court of competent jurisdiction of a decree or order for relief, un-stayed on appeal or otherwise and in effect for 90 days, in respect of such Partner in an involuntary case under the Federal bankruptcy laws, or any such order adjudicating such Partner as bankrupt or insolvent under any other applicable bankruptcy, insolvency or liquidation law;

12.3.2 The entry by a court of competent jurisdiction of a decree or order appointing a receiver, custodian, assignee, trustee, liquidator, sequestrate or other similar official of such Partner or of any substantial part of the property of such Partner, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order un-stayed on appeal or otherwise and in effect for 90 days, or the commencement by such Partner of a voluntary case under the Federal bankruptcy laws, or under any other bankruptcy or insolvency law, seeking reorganization, liquidation, arrangement, adjustment or composition of such Partner under the bankruptcy laws or any similar statute;

12.3.3 The making by such Partner of an assignment for the benefit of creditors; or the failure of such Partner generally to pay its debts as they become due; or the consenting by such Partner to the appointment of or taking possession by a receiver, assignee,

custodian, trustee, liquidator, sequestrate or other similar official of it or of any substantial part of its property, or the taking of corporate or partnership action by such Partner in furtherance of any such action;

12.3.4 The filing by a Partner for dissolution under the laws of the jurisdiction of its incorporation or the entering of a final order dissolving that Partner by any court of competent jurisdiction; or

12.3.5 Any event (other than an event of the nature specified in Section 12.2.2) which shall make it unlawful (a) in the case of a General Partner, for that General Partner to carry on the business of the Partnership in the form of a partnership, or (b) in the case of a Limited Partner, for that Limited Partner to continue to hold an interest in the Partnership.

12.4 Other Withdrawals. Except as provided in Section 12.3 of this Agreement, or upon the admission of a substitute Partner in accordance with the provisions of Section 11.4, no Partner shall be entitled to withdraw from the Partnership.

12.5 Winding Up And Liquidation. After the Partnership shall be dissolved pursuant to the provisions of Sections 12.1 or 12.2, the Management Committee shall continue to exercise its powers under this Agreement for the purpose of winding up the business of the Partnership and liquidating its assets in an orderly manner, but the Partnership shall engage in no new business during the period of such winding up.

12.5.1 The assets of the Partnership remaining after the payment, or provision for payment, of all the liabilities of the Partnership (other than any Special Contingent Obligations as hereinafter defined) shall first be paid in satisfaction of Special Contingent Obligations to any applicable Withdrawn Partners, and any remaining assets of the Partnership shall be distributed to the Partners in accordance with their positive Capital Account balances after giving effect to all contributions, distributions, and allocations for all periods. As used in this Section 12.5.1, "Special Contingent Obligations" shall mean all contingent obligations of the Partnership with respect to any Withdrawn Partner pursuant to Section 5.5 and shall equal, with respect to any Withdrawn Partner, the sum of (i) such Withdrawn Partner's former Capital Account (as of the date immediately prior to its withdrawal), *plus* (ii) the amount of any liabilities of the Partnership paid by such Withdrawn Partner after withdrawal pursuant to Section 5.5.2, *minus* (iii) all payments made to such Withdrawn Partner after its withdrawal pursuant to Section 5.5.1.

All distributions pursuant to this Section 12.5.1 shall be made by the end of the Partnership's taxable year in which the liquidation occurs or 90 days after the liquidation, whichever occurs later. To the extent deemed advisable by the Management Committee (or the Trustee in Liquidation, if applicable), appropriate arrangements (including the use of a liquidating trust) may be made to assure that adequate funds are available to pay any contingent debts or obligations. If any General Partner has a deficit balance in its Capital Account following the distributions pursuant to this Section 12.5.1, as determined after taking into account all Capital Account adjustments for the tax year during which the Partnership terminates other than those made as a result of contributions pursuant to this sentence, such General Partner shall contribute to the Partnership cash equal to the amount of such deficit balance by the end of such tax year, or 90 days after the date of such liquidation, whichever occurs later, and such cash

shall be paid to creditors of the Partnership, if any, or distributed to the other Partners in accordance with the preceding paragraph of this Section 12.5.1.

12.5.2 No termination or dissolution of the Partnership shall relieve a Partner from any obligation accruing or accrued to the date of such termination or dissolution; provided, however, that a Limited Partner's liabilities for Partnership obligations shall be solely as set forth in Section 10.2.

12.6 Continuance Of Partnership. Except as provided in Sections 12.1 and 12.2, it is understood and agreed by each of the Partners that the relationship of partnership among them is intended to continue without interruption until such relationship is either specifically dissolved by Super-Majority Vote of the Management Committee or by the occurrence of any event specified in Sections 12.1 or 12.2 as an event of dissolution, and each Partner waives and releases, to the extent permitted by Jaw, its right to dissolve or obtain dissolution of the Partnership in any other manner or for any other reason. In this connection, the Partners agree and intend that the Partnership shall not be dissolved by the admission of a new Partner pursuant to Section 11.4 or by the withdrawal of one or more General Partners, provided that there is at least one remaining General Partner in the Partnership. If, notwithstanding the foregoing understanding, agreements and intentions of the Partners, the Partnership may at any time or from time to time be deemed by operation of Jaw and otherwise than pursuant to Section 12.1 or 12.2 to be dissolved (for example, upon the bankruptcy or withdrawal of a Partner), each of the Partners hereby covenants and agrees with the other Partners as follows:

12.6.1 The business and affairs of the Partnership shall continue without interruption and be carried out by a new partnership (the "Successor Partnership");

12.6.2 The General Partners and Limited Partner(s) of the Successor Partnership shall be the Persons who were General Partners and Limited Partner(s), respectively, hereunder at the time of such dissolution;

12.6.3 The Successor Partnership and the Partners thereof shall be governed by the terms of this Agreement as if the Successor Partnership were the Partnership;

12.6.4 Each of the Partners covenants and agrees to execute such further agreements, including (without limitation) notes, novation, and accommodations, as may be necessary to continue the business of the Partnership and to protect and perfect any lien or security interest granted by the Partnership;

12.6.5 Each of the Partners waives and releases, to the full extent it may lawfully do so, all rights to a winding up or liquidation of the business of the Partnership, notwithstanding that the dissolution of the Partnership may be

caused wrongfully or otherwise in contravention of this Agreement by such Partner or any other Partner, and further notwithstanding that, at the time of such dissolution, such Partner shall be, or be deemed to be or thereby become, a Withdrawn Partner pursuant to this Agreement; and

12.6.6 As used in this Section 12.6, the term "Partnership," at any point in time, shall mean the Partnership originally formed pursuant to this Agreement or the Successor Partnership which at such time is continuing the business and affairs of the Partnership originally so formed.

13. General.

13. 1 Effect Of Agreement. From and after the date of this Agreement, this Agreement reflects the whole and entire agreement among the Partners and supersedes all prior agreements among the Partners related to the subject matter hereof, including, without limitation, the Project Participation Memorandum Of Understanding, the Iroquois Gas Transmission System general partnership formed by agreement of the General Partners under the laws of the State of New York on January 10, 1989, and all amendments thereto, the Original LP Agreement, the Restated LP Agreement and the Second Restated LP Agreement. This Agreement can be amended, restated or supplemented only by the vote and written agreement of all Partners acting individually and not as members of the Management Committee; provided, however, that any Additional Partner may be admitted to the Partnership in accordance with the provisions of Section 11.4 (and any appropriate adjustment in the Percentage Interests of the Partners on Schedule A hereto as a result of such admission may be effected) by the execution of a counterpart of this Agreement by such Additional Partner.

13.2 Notices. Notice to all Partners shall be deemed to be notice to the Partnership. If any Partner receives a notice to or on behalf of the Partnership, such Partner shall immediately transmit such notice to all Partners. Any notice hereunder shall be in writing and shall be delivered (as applicable) by hand, by nationally recognized overnight carrier service, by e-mail confirmed by another method of notice provided for herein, or by first class, certified or registered mail, to the parties at the addresses shown below:

If to TCIL:

TransCanada Iroquois Ltd.
700 Louisiana Street
Suite 700
Houston, Texas 77002-2700
Attention: Corporate Secretary
E-mail: jon_ dobson @transcanada.com

If to TCPL:

TCPL Northeast Ltd.
700 Louisiana Street
Suite 700
Houston, Texas 77002-2700
Attention: Corporate Secretary
E-mail: jon_ dobson @transcanada.com

If to Dominion Iroquois:

Dominion Iroquois, Inc.
c/o Dominion Resources, Inc.
120 Tredegar Street
Richmond, Virginia 23220
Attention: General Counsel
Facsimile: 804-819-2202
E-mail: mark.webb@dom.com

If to DMLP:

Iroquois GP Holding Company, LLC
c/o Dominion Midstream GP, LLC
120 Tredegar Street
Richmond, Virginia 23220
Attention: General Counsel
Facsimile: 804-819-2202
E-mail: mark.webb@dom.com

Each notice that satisfies the above requirements shall be deemed to have been properly given or delivered: (a) on the day when delivered by hand; (b) on the first business day after being deposited with a nationally recognized overnight courier; (c) on the day when transmitted by e-

mail; or (d) on the third business day after being mailed by United States first class mail, certified mail or registered mail, return receipt requested, postage prepaid. A party may elect to receive notices at a different address by notifying the other parties in accordance with the preceding requirements. Any Partner may request that copies of notices be given to any Affiliate at such address designated by such Partner by written notice to each other Partner and to the Partnership, provided that any failure to give such notice shall not affect the validity of any notice given to any Partner or the Partnership in accordance with this Section 13.2. Each of the Partners agrees to give such notice to any such Affiliate.

13.3 Further Assurances. Each of the Partners and Withdrawn Partners agrees to execute and deliver all such other and additional instruments and documents and to do such other acts and things as may be reasonably necessary more fully to effectuate this

Partnership and carry on the Partnership business m accordance with this Agreement.

13.4 Applicable Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware without regard to the principles of conflicts of laws. In the event that any provision of this Agreement shall be deemed to conflict with any provision of the Partnership Act, the provisions of the Partnership Act shall to the extent required by the Partnership Act, be controlling.

13.5 Counterparts. This Agreement may be executed in counterparts (including counterparts provided for the execution by an Additional Partner), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13.6 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

13.7 Waiver. No waiver by any Person of any default by any Partner or Partners in the performance of any provision, condition or requirement herein shall be deemed to be a waiver of, or in any manner release the said Partner or Partners from performance of any other provision, condition or requirement herein; nor shall such waiver be deemed to be a waiver of, or in any manner a release of, said Partner or Partners from future performance of the same provision, condition or requirement. Any delay or omission of any Partner to exercise any right hereunder shall not impair the exercise of any such right, or any like right, accruing to it thereafter. No waiver of a right created by this Agreement by one or more Partners shall constitute a waiver of such right by the other Partners except as may otherwise be required by law with respect to Persons not parties hereto. The failure of one or more Partners to perform its or their obligations hereunder shall not release the other Partners from the performance of such obligations.

13.8 Partition. The Partners expressly waive and release any right to have their interest, individually or collectively, in the Partnership partitioned or sold for the purpose of dividing the proceeds of such sale for the period during which the Partnership or any Successor Partnership shall remain in existence.

13.9 Laws and Regulatory Bodies. This Agreement and the obligations of the Partners hereunder are subject to all applicable laws, rules, orders and regulations of governmental authorities having jurisdiction and, in the event of conflict, such laws, rules, orders and regulations of governmental authorities having jurisdiction shall control.

13.10 Partnership Opportunity. Participation in the Partnership shall not in any way restrain any Partner’s officers, directors, shareholders, employees or Affiliates in other present or future business activities, whether or not any such activity is competitive with the business of the Partnership, or in any way preclude or restrict any of them from entering into a joint venture, partnership or other business

arrangement with the Partnership. None of any Partner’s officers, directors, shareholders, employees or Affiliates shall under any circumstances be obligated or bound to offer or present to the Partnership any business opportunity offered to such officers, directors, shareholders, employees or Affiliates as a prerequisite to the acquisition of or investment in such business opportunity by any of them.

13.11 Section Numbers. Unless otherwise indicated, references to section numbers are to sections of this Agreement.

13.12 Confidentiality.

13.12.1 Except as hereinafter provided, the Partnership and each Partner shall treat as confidential, and not disclose to any third party (excluding Affiliates) not authorized by the Management Committee to receive confidential information, any information obtained either directly or indirectly from any other Partner pursuant to this Agreement and designated by such Partner as confidential, or other confidential information developed or acquired by the Management Committee, or by the Operator during performance of its obligations under the Operating Agreement on behalf of the Partnership, unless such confidential information (a) was already in the possession of the receiving Partner, or an Affiliate thereof; at the time it obtained such confidential information hereunder, (b) was or is published or otherwise is or becomes generally available to the public through no fault of such receiving Partner or its Affiliate, (c) was or is made available to such partner or its Affiliate without restriction by any Person or entity which is not bound by, and does not impose, an obligation of confidentiality or use with respect thereto or (d) was or is required to be disclosed by operation of law or regulation. Further, neither the Partnership nor any Partner shall (i) use any such confidential information (other than its own) for any purpose other than in connection with the activities of the Partnership pursuant to this Agreement or (ii) disclose, reveal or otherwise make any such confidential information (other than its own) available to any unauthorized third party without the prior written consent of the other Partners hereunder, unless such disclosure is required by operation of law or regulation. The Partners and the Management Committee shall establish and enforce reasonable procedures for the protection of confidential information and shall restrict disclosure of such information to as few as possible of the employees, officers, agents and Affiliates of each Partner and the Partnership, and only to those who need to know such information in connection with the purposes of the Partnership as set forth herein. Each Partner and the Management

Committee shall take such reasonable and prudent steps and precautionary measures as are required to ensure compliance with this Section 13.12 by such of their employees, officers, agents, Affiliates and other Persons as shall be given access to such confidential information and shall be responsible for compliance by their employees, officers, agents and Affiliates. The obligations of the Partners and Withdrawn Partners

pursuant to this Section 13.12 shall survive the term of this Agreement for a period of five years. The Partners agree that no adequate remedy at law exists for a material breach or threatened material breach of any of the provisions of this Section 13.12, the continuation of which un-remedied will cause the injured Partner to suffer irreparable harm. Accordingly, the Partners agree that the injured party shall be entitled, in addition to other remedies which may be available to it, to immediate injunctive relief from any material breach of any of the provisions of this Section 13.12 and to specific performance of its rights hereunder, as well as to any other remedies available at law or in equity. The Operating Agreement shall include similar provisions for the protection of confidential information.

13.12.2 Notwithstanding the terms of Section 13.12.1, nothing contained in such Section 13.12.1 shall be construed to restrict a Partner or its Affiliate from disclosing information with respect to the Partnership or to such Partner's or its Affiliate's investment in the Partnership, (a) in the ordinary course of business pertaining to its investment in the Partnership, (b) to prospective transferees of such Partner's or its Affiliate's investment in the Partnership (provided that such transferees enter into a confidentiality agreement with such Partner or its Affiliate, as the case may be, on terms comparable in scope to those contained in this Section 13.12), (c) pursuant to such Partner's or its Affiliate's customary investor relations process or (d) in order to comply with any requirements of law or regulation; provided, however, the Partners hereby agree to notify each other in advance with respect to any disclosure of material non-public information pertaining to the Partnership or the Partnership's financial or operational performance (other than information consistent with that set forth in the financial statements of the Partnership), that a Partner knows, or should reasonably be expected to know, would have a material adverse effect on another Partner or would trigger additional disclosures or compliance filings by another Partner.

13.12.3 In addition to the rights described in Section 8.8, a Partner shall have the right to cause the Partnership and its subsidiaries to reasonably cooperate with such Partner in connection with such Partner's or its Affiliate's compliance with any applicable financial reporting requirements of any governmental authority, including any filings that may be required by the Securities and Exchange Commission or under state or federal securities laws applicable to such Partner or its Affiliate. In connection therewith, such Partner shall have the right to cause the Partnership and its subsidiaries to (i) make available to such Partner, upon reasonable advance notice, all books and records and financial and other information in the Company's or its subsidiaries' possession or control that are reasonably required in order to prepare financial statements or financial information meeting the requirements of Regulation S-X under the Securities Act, along with any documentation reasonably related thereto required to complete any audit of such financial statements required by

Regulation S-X, and to cooperate with such Partner, and its representatives, including its independent auditors, in connection with any audit of any financial statements of such Partner.

13.13 Deadlocks and Dispute Resolution.

13.13.1 In the event of any Deadlock or Dispute, by notice to the other Representatives (a "Deadlock/Dispute Notice"), any Representative on the Management Committee may request that the Partners seek to resolve such Deadlock or Dispute including, if requested by such requesting Representative, a special meeting of the Management Committee to discuss and attempt to resolve such Deadlock or Dispute. The Partners and, if applicable, the Representatives on the Management Committee, shall diligently and in good faith attempt to resolve the matter in question within thirty (30) days of the date the Deadlock/Dispute Notice. is given (the "Initial Resolution Period") including, if so requested, at a special meeting of the Management Committee at which they attend in person or by teleconference or video conference.

13.13.2 If the Deadlock or Dispute is not resolved within the Initial Resolution Period, any Representative or Partner may, upon written notice (a "2nd Deadlock/Dispute Notice") to the other Partners or Representatives given within thirty (30) days after the expiration of the Initial Resolution Period, request that the Deadlock or Dispute be elevated to senior executives of each Partner, which senior executives shall be at least the most senior executive of a business unit of a Partner (or a direct or indirect Parent company of such Partner) who shall have the authority from such Partner (or, as applicable, such Parent) to resolve the Deadlock or Dispute. These senior executives shall meet as promptly as possible, but in no event later than thirty (30) days after the 2nd Deadlock/Dispute Notice is given, and shall use reasonable efforts to resolve the Deadlock or Dispute within thirty (30) days after such initial meeting.

13.13.3 If the Deadlock or Dispute relates to an operational or technical issue that is not resolved by the procedures described in Sections 13.3.1 or 13.3.2, then the Partners may, if they mutually agree to do so, submit the disagreement to an independent third party with relevant expertise for the issue in dispute, and may agree (a) on the procedures for presenting each Partner's position with regard to the Deadlock or Dispute to such expert, (b) on the allocation of the costs and expenses associated with such expert and the resolution of the Deadlock or Dispute and (c) that the decision by such expert shall be binding and enforceable against the Partners. For clarification, all the Partners involved in any Deadlock or Dispute must mutually agree in advance to the submission of any Deadlock or Dispute to such third party and/or for any binding arbitration with respect thereto.

13.13.4 If the Deadlocked Decision is not resolved by the procedures described in Sections 13.3.1, 13.3.2 or 13.3.3, then the Partners shall be entitled to exercise any other remedies available to them under this Agreement or applicable law in order to resolve such Deadlock or Dispute.

13.13.5 For purposes of this Section 13.13, any resolution of a Deadlock or Dispute pursuant to Sections 13.3.1, 13.3.2 or, if so agreed by the Partners, 13.3.3(c), shall be binding on the Partnership and the Management Committee as if made by the Management Committee pursuant to Section 9.2. Each of the Representatives, executives and senior executives of the Partners who participate in the efforts to reach a resolution of any Deadlock or Dispute pursuant to this Section 13.13 shall undertake such efforts on a timely and diligent basis.

13.14 References To Money. All references in this Agreement to, and transactions hereunder in, money shall be to or in Dollars of the United States of America.

13.15 Severability. Should any provision of this Agreement be deemed in contradiction with the laws of any jurisdiction in which it is to be performed or unenforceable for any reason, such provision shall be deemed null and void, but this Agreement shall remain in force in all other respects. Should any provision of this Agreement be or become ineffective because of changes in applicable laws or interpretations thereof, or should this Agreement fail to include a provision that is required as a matter of law, the validity of the other provisions of this Agreement shall not be affected thereby. If such circumstances arise, the parties hereto shall negotiate in good faith appropriate modifications to this Agreement to reflect those changes that are required by law.

13.16 Third Persons. Except as expressly provided in this Agreement, nothing herein expressed or implied is intended or shall be construed to confer upon or to give any Person not a party hereto any rights or remedies under or by reason of this Agreement.

[Signature Page Follows.]

IN WITNESS WHEREOF, the Partners have caused this Third Amended and Restated Limited Partnership Agreement to be executed by their respective duly authorized officers as of date first written above.

TRANSCANADA IROQUOIS LTD.

By: /s/ Stephen M. V. Clark
Name: Stephen M. V. Clark
Title: Canadian & Eastern U.S. Natural Gas Pipelines

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

TCPL NORTHEAST LTD.

By: /s/ Stephen M. V. Clark
Name: Stephen M. V. Clark
Title: Canadian & Eastern U.S. Natural Gas Pipelines

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

DOMINION IROQUOIS, INC.

By: /s/ Donald R. Raikes
Name: Donald R. Raikes
Title: SVP — Customer Service and Bus. Dev.

IROQUOIS GP HOLDING COMPANY, LLC

By: /s/ James R. Chapman
Name: James R. Chapman
Title: Senior Vice President and Treasurer

SCHEDULE A

PERCENTAGE INTERESTS

PARTNERSHIP INTERESTS

Partner	Affiliation	Percentae:e Interest		
		General	Limited	Total
TransCanada Iroquois Ltd.	TransCanada PipeLines Limited	25.00	4.00	29.00
TCPL Northeast Ltd.	TransCanada PipeLines Limited	0.00	21.00	21.00
Dominion Iroquois, Inc.	**Dominion Resources, Inc.**	0.00	24.07	24.07
Iroquois GP Holding Company. LLC	**Dominion Midstream Partners, LP**	25.00	0.93	25.93
	Total:	50.00	50.00	100.00

Exhibit 31.1

CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER

I, Brandon Anderson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TC PipeLines, LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 3, 2017

/s/ Brandon Anderson
Brandon Anderson
Principal Executive Officer and President
TC PipeLines GP, Inc., as General Partner of
TC PipeLines, LP

Exhibit 31.2

CERTIFICATION OF
PRINCIPAL FINANCIAL OFFICER

I, Nathaniel A. Brown, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TC PipeLines, LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 3, 2017

/s/ Nathaniel A. Brown
Nathaniel A. Brown
Principal Financial Officer and Controller
TC PipeLines GP, Inc., as General Partner of
TC PipeLines, LP

Exhibit 32.1

CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER

I, Brandon Anderson, Principal Executive Officer and President of TC PipeLines GP, Inc., the General Partner of TC PipeLines, LP (the Partnership), in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 hereby certify, to the best of my knowledge**,** in connection with the Partnership's Quarterly Report on Form 10-Q for the period ended June 30, 2017 as filed with the Securities and Exchange Commission (the Report) on the date hereof, that:

- the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Dated: August 3, 2017

/s/ Brandon Anderson
Brandon Anderson
Principal Executive Officer and President
TC PipeLines GP, Inc., as General Partner of
TC PipeLines, LP

Exhibit 32.2

CERTIFICATION OF
PRINCIPAL FINANCIAL OFFICER

I, Nathaniel A. Brown, Principal Financial Officer and Controller of TC PipeLines GP, Inc., the General Partner of TC PipeLines, LP (the Partnership), in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 hereby certify, to the best of my knowledge**,** in connection with the Partnership's Quarterly Report on Form 10-Q for the period ended June 30, 2017 as filed with the Securities and Exchange Commission (the Report) on the date hereof, that:

- the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Dated: August 3, 2017

/s/ Nathaniel A. Brown
Nathaniel A. Brown
Principal Financial Officer and Controller
TC PipeLines GP, Inc., as General Partner of
TC PipeLines, LP

PRO FORMA
GAS TRANSPORTATION CONTRACT
FOR FIRM TRANSPORTATION SERVICE

This Gas Transportation Contract ("Contract") is made as of the 1st Day of July, 2010 by and between the Portland Natural Gas Transmission System, a Maine general partnership, herein "Transporter" and **TRANSCANADA ENERGY LTD.** a Canadian Corporation, herein "Shipper", pursuant to the following recitals and representations:

WHEREAS, the Federal Energy Regulatory Commission ("FERC") has on July 31, 1996, issued a Preliminary Determination resolving all non-environmental matters and finding, pending environmental review, that Transporter's proposal in Docket No. CP96-249-000 to construct, own, operate, and maintain a natural gas transmission system (herein called "System"), is in the public interest;

WHEREAS, Shipper intends to enter into natural gas supply arrangements, including storage and transportation upstream of Transporter's System, and to make arrangements for the delivery of such gas supply for the account of Shipper to the receipt point(s), and to make arrangements for the receipt and transportation of such gas downstream of the delivery point(s) on Transporter's System, all commencing when Transporter's System becomes operational; and

WHEREAS, Shipper intends to apply for and, subject to the terms and conditions set forth herein, receive and accept all necessary federal, provincial or state regulatory authorizations or exemptions in the United States and Canada in order to transport and deliver gas for the account of Shipper to the receipt point(s), commence transportation on Transporter's System, and receive and transport such gas downstream of the delivery point(s) on Transporter's System, when Transporter's System becomes operational; and

'WHEREAS, Transporter intends to apply for and, subject to the terms and conditions set forth herein, receive and accept all necessary United States regulatory authorizations or exemptions to accept delivery of gas imported by Shipper at the receipt point(s) and to transport such gas on behalf of Shipper to the delivery point(s), subject to the terms and conditions of this Contract for transportation service on Transporter's System between Transporter and Shipper and Transporter's gas tariff as approved by the FERC (the "FERC Tariff'); and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein assumed, Transporter and Shipper agree as follows:

1.Transporter shall apply for or cause to be applied for and use reasonable best efforts to obtain from the FERC and other governmental and regulatory authorities having jurisdiction such authorizations or exemptions as are necessary:

(a) to enable Transporter to construct, own and operate and to provide transportation services on Transporter's System for the account of Shipper and others, and

(b) for the performance of the transactions herein contemplated or for any other transactions necessary for the performance of those herein contemplated.

2. Shipper shall apply for or cause to be applied for and use reasonable best efforts to obtain all of the agreements and governmental authorizations or exemptions necessary to enable Shipper to deliver to and receive from Transporter the transportation quantities specified below.

3. Subject to the condition herein, Transporter hereby agrees to provide to Shipper, and Shipper hereby agrees to accept, firm natural gas transportation service on Transporter's System under Transporter's Rate Schedule FT, providing for firm transportation from the receipt point(s) of the quantities of natural gas specified below. Such firm transportation service shall be provided at the pressure and for the term specified in Schedule 1. This initial period of service will be automatically

extended from year to year unless canceled by either party on at least two (2) years prior written notice. The transportation service, unless otherwise agreed upon, will be provided at the maximum applicable rate as approved by the FERC in the Tariff, as the Tariff may be changed from time to time, subject to the rate discount provisions set forth below.

ARTICLE I- SCOPE OF CONTRACT

1. On the Commencement Date and each Day thereafter on which Shipper and Transporter schedule Gas for transportation hereunder, Shipper shall cause the Scheduled Quantity, up to the Maximum Daily Quantity ("MDQ"), to be delivered to Transporter at the Receipt Point(s).

2. On the Commencement Date and each Day thereafter, Transporter shall make the Scheduled Quantity available to or on behalf of Shipper at the Delivery Point(s) on a firm basis.

3. Shipper shall be solely responsible for securing faithful performance by gas supplier(s) and/or any applicable upstream or downstream shippers and transporters in all matters which may affect Transporter's performance hereunder, and Transporter shall not be liable hereunder to Shipper as a result of the failure of gas supplier(s) and/or any applicable upstream or downstream shippers and transporters to so perform.

ARTICLE II-RESERVATION OF FIRM TRANSPORTATION CAPACITY

1. Shipper hereby reserves the right to cause Transporter to receive from or for the account of Shipper at each Receipt Point on any Day such quantities of Gas up to the MDQ for such Receipt Point as set forth on the currently effective Schedule I appended hereto and Transporter shall make available to or on behalf of Shipper at each Delivery Point on any Day such quantities of Gas up to the MDQ for such Delivery Point as set forth on the currently effective Schedule 2 appended hereto. Schedules I and 2 are hereby incorporated as part of this Contract.

2. Transporter shall make available to Shipper the service reserved under this Article II on the Days and for the quantities of Gas for which such service has been reserved, subject to Shipper's compliance with the terms and conditions of this Contract.

ARTICLE III- ALLOCATION OF OFF-PEAK CAPACITY

On any Day during the period from April 1 through October 31 that System Capacity is not otherwise scheduled under any Rate Schedule, such capacity will be allocated pro rata to Rate Schedule FT Shippers whose Gas Transportation Contracts have initial terms of twenty (20) Years or longer, based on these Shippers' annual reservation charges under Rate Schedules FT.

ARTICLE IV- RATE

1. For each Month, Shipper agrees to pay the Recourse Rate, or a negotiated rate mutually agreed to in writing by Shipper and Transporter, multiplied by the sum of the Receipt Point Scheduled Quantity or Quantities during such Month; provided, however, that in the event that Transporter determines, in its sole discretion on a basis that is not unduly discriminatory, or otherwise pursuant to this Contract, to render service on behalf of Shipper for a discounted usage rate, Transporter shall notify Shipper in writing of the amount of such discounted usage rate, the Day(s) on which such rate shall be in effect and the quantities to which such rate applies. For each Dth of Scheduled Quantity to which a discounted usage rate applies, as set-forth in Transporter's notice, Shipper agrees to pay and shall pay the applicable discounted usage rate in lieu of the maximum usage rate.

2. For each Month, Shipper agrees to pay the Recourse Rate, or a negotiated rate mutually agreed to in writing by Shipper and Transporter, multiplied by the Shipper's Maximum Contract Demand as specified in this Contract; provided however, that in the event that Transporter determines, in its sole discretion or otherwise pursuant to this Contract, to render service on behalf of Shipper for a discounted reservation rate, Transporter shall notify Shipper in writing of the amount of such discounted reservation rate, the Day(s) on which such rate shall be in effect and the quantities of which such rate applies. For each Dth of the Maximum Contract Demand to which a discounted reservation rate applies, as set forth in Transporter's notice, Shipper agrees to pay and shall pay the applicable discounted reservation rate in lieu of the maximum reservation rate.

3. Shipper agrees to pay and shall pay all applicable charges specified in Rate Schedule FT.

4. For all capacity allocated to Shipper under Article III herein, Shipper shall not pay reservation charges but Shipper shall pay transportation usage charges, surcharges, fees, and other charges allocated to such capacity or the quantities transported.

ARTICLE V- DECONTRACTING

Transporter will provide a notice to Shipper after all the following conditions are satisfied:

(a) Transporter on a pro forma basis is projected to receive during the next 12 month period revenues at least equal to its annualized Cost of Service (as hereinafter defined),

(b) Transporter has executed an agreement with a new or existing replacement shipper for firm capacity which, together with all other transportation agreements (including the Film Transportation Contracts), will provide revenues in excess of Transporter's Cost of Service, and

(c) the replacement shipper has a creditworthiness rating of BBB (investment grade) or better. Within sixty (60) days after giving such notice, Shipper will be permitted to request a reduction in the Maximum Contract Demand in its Firm Transportation Contracts.

Shipper will be permitted to reduce the Maximum Contract Demand and the associated term in an amount equivalent to the quantity and term covered in the Firm Transportation Contract with the replacement shipper; provided, however, that any such reduction in quantity and term, after conversion of the units of quantity, term and rates to revenues, shall be permitted only to the extent it does not reduce the recovery of revenues equal to Transporter's Cost of Service. Maximum Contract Demand will be reduced among all shippers entitled to and requesting reductions in Firm Transportation Contracts, pro rata, based on annual revenue contributions.

For purposes of this paragraph, the Cost of Service shall be the cost of service to be collected by Transporter calculated on the basis of the principles established in its Certificate of Public Convenience and Necessity, or any amendments thereto, issued by the FERC, or the cost of service in effect pursuant to Transporter's general rate filing under Section 4 of the Natural Gas Act. In the event the replacement shipper causes an increase in the cost of service, the Cost of Service shall be increased by an equivalent amount.

If Shipper does not timely request a reduction in its Maximum Contract Demand as provided herein, the amount by which Shipper would have been entitled to reduce its Maximum Contract Demand shall be deemed Ineligible Capacity. With respect to such Ineligible Capacity, Shipper permanently relinquishes the rights to reduce its Maximum Contract Demand under this paragraph in a quantity equivalent to the Ineligible Capacity. The right relinquished under this paragraph shall take effect concurrently with the relinquishment.

ARTICLE VI- RATE SCHEDULES AND GENERAL TERMS AND CONDITIONS

This Contract and all provisions contained or incorporated herein are subject to the provisions of Rate Schedule FT and of the General Terms and Conditions of Transporter's Tariff, as such may be revised or superseded from time to time, all of which by this reference are made a part hereof. The General Terms and Conditions and Rate Schedule FT shall control in the event of a conflict between the General Terms and Conditions or Rate Schedule FT and this Contract. All of the terms defined in Transporter's Tariff shall have the same meaning wherever used in this Contract.

ARTICLE VII- TERM

1. The Commencement Date shall be the later of July 1, 2010 or such date on which the facilities required to enable Transporter to render service to Shipper hereunder are constructed, installed and made operational, as shall be set forth in Transporter's Final Notice to Shipper.

2. This Contract shall be effective as of the date first hereinabove written, provided, however, that Transporter shall have no liability under this Contract and shall be under no obligation to receive or to deliver any quantities of Gas hereunder, and Shipper shall be under no obligation to pay for transportation, prior to the Commencement Date..

3. This Contract shall continue in force and effect until March 10, 2019, and Year to Year thereafter unless terminated by either party upon twelve (12) Months prior written notice to the other; provided, however, that if the FERC authorizes Transporter to abandon service to Shipper on an earlier date, this Contract shall terminate as of such earlier date.

4. The termination of this Contract by expiration of fixed Contract term or by termination notice provided by Shipper triggers pregranted abandonment under Section 7 of the Natural Gas Act as of the effective date of the termination.

5. Any provision of this Contract necessary to correct or cash-out imbalances or to make payment under this Contract as required by the Tariff will survive the other parts of this Contract until such time as such balancing or payment has been accomplished.

ARTICLE VIII- NOTICES

Notices to Transporter shall be addressed to:

Portland Natural Gas Transmission System
Attn: Director- Business Development & Marketing
One Harbour Place, Suite 375
Portsmouth, New Hampshire 03801
Phone: 603-559-5510
Fax: 603-430-7375

Notices to Shipper hereunder shall be addressed to:

TransCanada Energy Ltd.
Attn: Brian Kelly
450 - 1"Street SW
Calgary, Alberta T2P 5Hl
Phone: 416-869-2183
Fax: 416-869-2114

Either party may change its address under this Article by written notice to the other party.

ARTICLE IX- TRANSFER AND ASSIGNMENT OF CONTRACT

Any entity which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Contract. Any party may, without relieving itself of its obligations under this Contract, assign any of its rights hereunder to an entity with which it is affiliated, but otherwise no assignment of this Contract or of any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Transporter, or Transporter in the event of an assignment by Shipper, which consents shall not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Article IX shall not in any way prevent either party to this Contract from pledging or mortgaging its rights hereunder as security for its indebtedness.

Shipper acknowledges that Transporter intends to make a collateral assignment of this Contract to financial institutions (collectively, the "Lenders") in connection with a Financing Agreement and agrees that if the Lenders succeed to the interest of Transporter by foreclosure or otherwise Shipper shall accord the Lenders the same rights as Transporter hereunder.

In order to facilitate obtaining financing or refinancing for the System, Shipper shall execute such consents, agreements or similar documents with respect to a collateral assignment hereof to the Lenders, and any credit support documents, and shall deliver an opinion of counsel on behalf of Shipper and any provider of credit support, as Lenders may reasonably request in connection with the documentation of the financing or refinancing for the System, which consent and opinion shall, among other things warrant or opine the enforceability of this Contract and of any credit support documents under the applicable governing law(s) and the compliance thereof with all applicable law.

ARTICLE X- NONRECOURSE OBLIGATION OF PARTNERSHIP AND OPERATOR

Shipper acknowledges and agrees that:

(a) Transporter is a Maine general partnership;

(b) Shipper shall have no recourse against any partner in Transporter with respect to Transporter's obligations under this Contract and that its sole recourse shall be against the partnership assets, irrespective of any failure to comply with applicable law or any provision of this Contract;

(c) no claim shall be made against any partner under or in connection with this contract;

(d) Shipper shall have no right of subrogation to any claim of Transporter for any capital contributions from any partner to Transporter;

(e) no claims shall be made against the Operator, its officers, employees, and agents, under or in connection with this Contract and the performance of Operator's duties as Operator (provided that this shall not bar claims resulting from the gross negligence or willful misconduct of Operator, its officers, employees or agents) and Shipper shall provide Operator with a waiver of subrogation of Shipper's insurance company for all such claims; and

(f) this representation is made expressly for the benefit of the partners in Transporter and Operator.

ARTICLE XI- LAW OF CONTRACT

Notwithstanding conflict-of-laws rules, the interpretation and performance of this Contract shall be in accordance with and controlled by the laws of the State of Maine.

ARTICLE XII- CHANGE IN TARIFF PROVISIONS

Shipper agrees that Transporter shall have the unilateral right to file with the Federal Energy Regulatory Commission or any successor regulatory authority any changes in any of the provisions of its Tariff, including any of its Rate Schedules, or the General Terms and Conditions, as Transporter may deem necessary, and to make such changes effective at such times as Transporter desires and is possible under applicable law.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed in several counterparts by their proper officers thereunto duly authorized, as of the date first hereinabove written.

Attest:

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

GH

By /s/ Rob Pirt
Title President

Attest:

TRANSCANADA ENERGY LTD.

By /s/ Ron Cook
Title Vice President — Taxation

By /s/ Murray Samuel
Title Deputy General Counsel

SCHEDULE 1

Receipt Point:	01-0100 Pittsburg, NH
Maximum Daily Quantity:	15,000 Dth/day
Minimum Receipt Pressure:	psig
Maximum Contract Demand:	15,000 Dth/day
Effective Service Period:	From July 1, 2010 to March 10, 2019

SCHEDULE 2

Delivery Point:	05-1150 Dracut, MA
Maximum Daily Quantity:	15,000 Dth/day
Minimum Delivery Pressure:	psig
Maximum Contract Demand:	15,000 Dth/day
Effective Service Period:	From July 1, 2010 to March 10, 2019

Great Lakes Gas Transmission Company

TRANSPORTATION SERVICE AGREEMENT
Contract Identification FT18659

This Transportation Service Agreement (Agreement) is entered into by Great Lakes Gas Transmission Limited Partnership (Transporter) and ANR PIPELINE COMPANY(Shipper).

WHEREAS, Shipper has requested Transporter to transport Gas on its behalf and Transporter represents that it is willing to transport Gas under the terms and conditions of this Agreement.

NOW, THEREFORE, Transporter and Shipper agree that the terms below constitute the transportation service to be provided and the rights and obligations of Shipper and Transporter.

1. EFFECTIVE DATE: March 07, 2017

2. CONTRACT IDENTIFICATION: FTI8659

3. RATE SCHEDULE: FT

4. SHIPPER TYPE: Interstate P1

5. STATE/PROVINCE OF INCORPORATION: Delaware

6. TERM: April 01, 2017 to October 31, 2018

7. EFFECT ON PREVIOUS CONTRACTS:

This Agreement supersedes, cancels and terminates, as of the effective date stated above, the following contract(s): N/A

8. MAXIMUM DAILY QUANTITY (Dth/Day): 202,464

Please see Appendix A for further detail.

9. RATES:

Unless Shipper and Transporter have agreed to a rate other than the maximum rate, rates shall be Transporter's maximum rates and charges plus all applicable surcharges in effect from time to time under the applicable Rate Schedule (as stated above) on file with the Commission unless otherwise agreed to by the parties in writing. Provisions governing a Rate other than the maximum shall be set forth in this Paragraph 9 and/or on Appendix B hereto.

---

10. POINTS OF RECEIPT AND DELIVERY:

The primary receipt and delivery points are set forth on Appendix A.

11. RELEASED CAPACITY:

N/A

12. INCORPORATION OF TARIFF INTO AGREEMENT:

This Agreement shall incorporate and in all respects be subject to the "General Terms and Conditions" and the applicable Rate Schedule (as stated above) set forth in Transporter's FERC Gas Tariff, Third Revised Volume No. 1, as may be revised from time to time. Transporter may file and seek Commission approval under Section 4 of the Natural Gas Act (NGA) at any time and from time to time to change any rates, charges or provisions set forth in the applicable Rate Schedule (as stated above) and the "General Terms and Conditions" in Transporter's FERC Gas Tariff, Third Revised Volume No. 1, and Transporter shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any such changes which become effective by operation of law and Commission Order, without prejudice to Shipper's right to protest the same.

13. MISCELLANEOUS:

No waiver by either party to this Agreement of any one or more defaults by the other in the performance of this Agreement shall operate or be construed as a waiver of any continuing or future default(s), whether of a like or a different character.

Any controversy between the parties arising under this Agreement and not resolved by the parties shall be determined in accordance with the laws of the State of Michigan.

14. OTHER PROVISIONS:

It is agreed that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Partner, agent, management official or employee of the Transporter or any director, officer or employee of any of the foregoing, for any obligation of the Transporter arising under this Agreement or for any claim based on such obligation and that the sole recourse of Shipper under this Agreement is limited to assets of the Transporter.

Upon termination of this Agreement, Shipper's and Transporter's obligations to each other arising under this Agreement, prior to the date of termination, remain in effect and are not being terminated by any provision of this Agreement.

15. NOTICES AND COMMUNICATIONS:

All notices and communications with respect to this Agreement shall be in writing by mail, e-mail, or fax, or other means as agreed to by the parties, and sent to the addresses stated below or to any other such address(es) as may be designated in writing by mail, e-mail, or fax, or other means similarly agreed to:

ADMINISTRATIVE MATTERS
Great Lakes Gas Transmission Limited Partnership
Commercial Services
700 Louisiana St., Suite 700
Houston, TX 77002-2700

ANR PIPELINE COMPANY
700 Louisiana St., Suite 700
Houston, TX 77002-2700
Attn:

AGREED TO BY:

GREAT LAKES GAS TRANSMISSION LIMITED PARTNERSHIP

By: Great Lakes Gas Transmission Company

By: /s/ Kay Dennison
Kay Dennison
Title: Director, Transportation Accounting and Contracts

ANR PIPELINE COMPANY

By: /s/ Joseph E. Pollard
Signature

Joseph E. Pollard
Director, Long Term Marketing

Title: _____
Please Print

APPENDIX A
Contract Identification FTI8659

Date: March 07, 2017
Supersedes Appendix Dated: Not Applicable

Shipper: ANR PIPELINE COMPANY

Maximum Daily Quantity (Dth/Day) per Location:

Begin Date	End Date	Point(s) of Primary Receipt	Point(s) of Primary Delivery	MDQ	Maximum Allowable Operating Pressure (MAOP)
04/01/2017	10/31/2017	DEWARD		0	974
11/01/2017	03/31/2018	SOUTH CHESTER		115,771	974
11/01/2017	03/31/2018	DEWARD		202,464	974
04/01/2018	10/31/2018	DEWARD		0	974
04/01/2017	10/31/2017		FARWELL	0	974
11/01/2017	03/31/2018		FARWELL	202,464	974
04/01/2018	10/31/2018		FARWELL	0	974