Table of Contents

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 March 31, 2018

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 (State or other jurisdiction of incorporation or organization)	**52-2135448** (I.R.S. Employer Identification Number)
700 Louisiana Street, Suite 700 **Houston, Texas** (Address of principle executive offices)	**77002-2761** (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 May 1, 2018, there were 71,306,396 of the registrant's common units outstanding.

Table of Contents

TC PIPELINES, LP

TABLE OF CONTENTS

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

Table of Contents

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 as amended, dated September 29, 2017
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 as amended, dated September 29, 2017
2017 Acquisition	Partnership's acquisition of an additional 11.81 percent interest in PNGTS and 49.34 percent in Iroquois on June 1, 2017
2017 Great Lakes Settlement	Stipulation and Agreement of Settlement for Great Lakes regarding its rates and terms and conditions of service approved by FERC on February 22, 2018
2017 Northern Border Settlement	Stipulation and Agreement of Settlement for Northern Border regarding its rates and terms and conditions of service approved by FERC on February 23, 2018
2017 Tax Act	H.R.1, originally known as the Tax Cuts and Jobs Act, enacted on December 22, 2017
2018 FERC Actions	FERC's March 15, 2018 issuance of (1) a revised Policy Statement to address the treatment of income taxes for ratemaking purposes for master limited partnerships (MLPs), (2) a Notice of Proposed Rulemaking (NOPR) proposing interstate pipelines file a one-time report to quantify the impact of the federal income tax rate reduction and the revised Policy Statement could have on pipelines' revenue requirements, and (3) a Notice of Inquiry (NOI) seeking comment on how FERC should address changes related to accumulated deferred income taxes and bonus depreciation
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
MLPs	Master limited partnerships
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, PNGTS and Iroquois
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
PXP	Portland XPress Project
Term Loan Facilities	The 2013 Term Loan Facility and the 2015 Term Loan Facility, collectively

SEC	Securities and Exchange Commission
Senior Credit Facility	TC PipeLines, LP's senior facility under revolving credit agreement as amended and restated, dated September 29, 2017
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 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, dropdown opportunities, 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;
- the impact of the 2017 Tax Act and the 2018 FERC Actions on our future operating performance;
- other potential changes in taxation of master limited partnerships (MLPs) by state or federal governments;
- 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 Corporation (TransCanada) and us;
- the impact of any impairment charges;
- the ability to maintain secure operation of our information technology including management of cybersecurity threats, acts of terrorism and related distractions;
- the expected impact of future accounting changes, commitments and contingent liabilities (if any);
- operating hazards, casualty losses and other matters beyond our control;
- the level of our indebtedness, including the indebtedness of our pipeline systems, and the availability of capital;
- unfavorable conditions in capital and credit markets, inflation and fluctuations in interest rates; and
- the overall increase in the allocated management and operational expenses on our pipeline systems for functions performed by TransCanada.

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 II, Item 1A. “Risk Factors” of this report and in Part I, Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2017 as filed with the SEC on February 26, 2018. 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 March 31, 2018	2017 [a]
Transmission revenues	**115**	112
Equity earnings *(Note 5)*	**59**	36
Operation and maintenance expenses	**(16)**	(14)
Property taxes	**(7)**	(7)
General and administrative	**(1)**	(2)
Depreciation and amortization	**(24)**	(24)
Financial charges and other *(Note 15)*	**(23)**	(17)
Net income before taxes	**103**	84
Income taxes *(Note 18)*	**(1)**	(1)
Net Income	**102**	83
Net income attributable to non-controlling interest	**6**	6
Net income attributable to controlling interests	**96**	77
Net income attributable to controlling interest allocation *(Note 9)*		
Common units	**94**	72
General Partner	**2**	3
TransCanada, as former parent of PNGTS	**—**	2
	96	77
Net income per common unit *(Note 9)* — basic and diluted	**$ 1.32**	$ 1.05[b]
Weighted average common units outstanding — basic and diluted *(millions)*	**71.2**	68.3
Common units outstanding, end of period *(millions)*	**71.3**	68.6

[a] Recast to consolidate PNGTS (Refer to Note 2).
[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.

TC PIPELINES, LP CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited) (millions of dollars)	Three months ended March 31, 2018	2017 [a]
Net income	**102**	83
Other comprehensive income		
Change in fair value of cash flow hedges *(Note 13)*	**7**	1
Reclassification to net income of gains and losses on cash flow hedges *(Note 13)*	**—**	—
Amortization of realized loss on derivative instrument *(Note 13)*	**—**	—
Comprehensive income	**109**	84

Comprehensive income attributable to non-controlling interests	**6**	6
Comprehensive income attributable to controlling interests	**103**	78

[a] Recast to consolidate PNGTS (Refer to Note 2).

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

Table of Contents

TC PIPELINES, LP
CONSOLIDATED BALANCE SHEETS

(unaudited) **(millions of dollars)**	**March 31, 2018**	**December 31, 2017**
ASSETS		
Current Assets		
Cash and cash equivalents	**68**	33
Accounts receivable and other *(Note 14)*	**36**	42
Contract assets *(Note 6)*	**7**	—
Distribution receivable *(Note 5)*	**14**	—
Inventories	**7**	8
Other	**11**	7
	143	90
Equity investments *(Note 5)*	**1,217**	1,213
Plant, property and equipment (Net of $1,205 accumulated depreciation; 2017 - $1,181)	**2,105**	2,123
Goodwill	**130**	130
Other assets	**9**	3
	3,604	3,559
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	**35**	31
Accounts payable to affiliates *(Note 12)*	**6**	5
Distribution payable	**2**	1
Accrued interest	**21**	12
Current portion of long-term debt *(Note 7)*	**45**	51
	109	100
Long-term debt, net *(Note 7)*	**2,332**	2,352
Deferred state income taxes *(Note 18)*	**10**	10
Other liabilities	**29**	29
	2,480	2,491
Partners' Equity		
Common units	**886**	824
Class B units *(Note 8)*	**95**	110
General partner	**22**	24
Accumulated other comprehensive income (AOCI)	**12**	5
Controlling interests	**1,015**	963
Non-controlling interests	**109**	105
	1,124	1,068
	3,604	3,559

Contingencies *(Note 16)*
Variable Interest Entities *(Note 17)*
Subsequent Events *(Note 19)*

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

Table of Contents

TC PIPELINES, LP
CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited) **(millions of dollars)**	**Three months ended March 31,**	
	2018	**2017 [a]**

Cash Generated From Operations		
Net income	**102**	83
Depreciation	**24**	24
Amortization of debt issue costs reported as interest expense	**1**	1
Equity earnings from equity investments *(Note 5)*	**(59)**	(36)
Distributions received from operating activities of equity investments *(Note 5)*	**43**	28
Change in operating working capital *(Note 11)*	**6**	7
	117	107
Investing Activities		
Investment in Great Lakes *(Note 5)*	**(4)**	(4)
Distribution received from Iroquois as return of investment *(Note 5)*	**2**	—
Capital expenditures	**(2)**	(7)
	(4)	(11)
Financing Activities		
Distributions paid *(Note 10)*	**(76)**	(68)
Distributions paid to Class B units *(Note 8)*	**(15)**	(22)
Distributions paid to non-controlling interests	**(1)**	(2)
Distributions paid to former parent of PNGTS	**—**	(1)
Common unit issuance, net *(Note 8)*	**40**	71
Long-term debt issued, net of discount *(Note 7)*	**75**	—
Long-term debt repaid *(Note 7)*	**(101)**	(61)
	(78)	(83)
Decrease in cash and cash equivalents	**35**	13
Cash and cash equivalents, beginning of period	**33**	64
Cash and cash equivalents, end of period	**68**	77

[a] Recast to consolidate PNGTS (Refer to Note 2).

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

Table of Contents

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

	Limited Partners				General Partner	Accumulated Other Comprehensive Income [a]	Non-Controlling Interest	Total Equity
	Common Units		Class B Units					
(unaudited)	millions of units	millions of dollars	millions of units	millions of dollars	millions of dollars	millions of dollars	millions of dollars	millions of dollars
Partners' Equity at December 31, 2017	70.6	824	1.9	110	24	5	105	1,068
Net income	—	94	—	—	2	—	6	102
Other comprehensive income	—	—	—	—	—	7	—	7
ATM equity issuances, net *(Note 8)*	0.7	39	—	—	1	—	—	40
Distributions	—	(71)	—	(15)	(5)	—	(2)	(93)
Partners' Equity at March 31, 2018	**71.3**	**886**	**1.9**	**95**	**22**	**12**	**109**	**1,124**

[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 $4 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.

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

Table of Contents

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 months ended March 31, 2018 and 2017 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, 2017 included in our Annual Report on Form 10-K. 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 Annual Report on Form 10-K for the year ended December 31, 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, that resulted in the Partnership owning a 61.71 percent interest in PNGTS. As a result of the Partnership owning a 61.71 percent interest in PNGTS, the Partnership's historical financial information has been recast, except net income 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. 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 from the date of acquisition.

Table of Contents

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

Changes in Accounting Policies effective January 1, 2018

Revenue from contracts with customers

In 2014, the Financial Accounting Standards Board (FASB) issued new guidance on revenue from contracts with customers. The new guidance requires that an entity recognize revenue from these contracts in accordance with a prescribed model. This model is used to depict the transfer of promised goods or services to customers in amounts that reflect the total consideration to which it expects to be entitled during the term of the contract in exchange for those promised goods or services. Goods or services that are promised to a customer are referred to as the Partnership's "performance obligations." The total consideration to which the Partnership expects to be entitled can include fixed and variable amounts. The Partnership has variable revenue that is subject to factors outside the Partnership's influence, such as market volatility, actions of third parties and weather conditions. The Partnership considers this variable revenue to be "constrained" as it cannot be reliably estimated, and therefore recognizes variable revenue when the service is provided.

The new guidance also requires additional disclosures about the nature, amount, timing and uncertainty of revenue recognition and the related cash flows. The new guidance was effective January 1, 2018, was applied using the modified retrospective transition method, and did not result in any material differences in the amount and timing of revenue recognition. Refer to Note 6 - Revenues, for further information related to the impact of adopting the new guidance and the Partnership's updated accounting policies related to revenue recognition from contracts with customers.

Hedge Accounting

In August 2017, the FASB issued new guidance on hedge accounting, making more financial and nonfinancial hedging strategies eligible for hedge accounting. The new guidance amends the presentation requirements relating to the change in fair value of a derivative and additional disclosure requirements include cumulative basis adjustments for fair value hedges and the effect of hedging on individual statement of income line items. This new guidance is effective January 1, 2019 with early adoption permitted. The Partnership has elected to apply this guidance effective January 1, 2018. Application of this guidance did not have a material impact on its consolidated financial statements.

Future accounting changes

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 (ROU) model 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.

In January 2018, the FASB issued new guidance on accounting for land easements which provides an optional transition practical expedient to not evaluate existing or expired land easements not accounted for as leases prior to entity's adoption of the new guidance. An entity that elects this practical expedient is required to apply it consistently to all of its existing or expired land easements not previously accounted for as leases.

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. The Partnership continues to monitor and analyze additional guidance and clarification provided by FASB.

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, however, early adoption is permitted.

Measurement of credit losses on financial instruments

In June 2016, the FASB issued new guidance that significantly changes how entities measure credit losses for most financial assets and certain other financial instruments that are not measured at fair value through net income. The new guidance amends the impairment model of financial instruments basing it on expected losses rather than incurred losses. These expected credit losses will be recognized as an allowance rather than as a direct write down of the amortized cost basis. The new guidance is effective January 1, 2020 and will be applied using a modified retrospective approach. We are currently evaluating the impact of the adoption of this guidance and have not yet determined the effect on our consolidated financial statements.

NOTE 4 REGULATORY

In December 2016, FERC issued a Notice of Inquiry (NOI) Regarding the Commission's Policy for Recovery of Income Tax Costs (Docket No. PL17-1-000) requesting initial comments regarding how to address any "double recovery" resulting from FERC's current income tax allowance and rate of return policies that had been in effect since 2005.

Docket No. PL17-1-000 is a direct response to *United Airlines, Inc., et al. v. FERC (United)*, a decision issued by the U.S. Court of Appeals for the District of Columbia Circuit in July 2016 in which the D.C. Circuit directed FERC to explain how a pass-through entity such as an MLP receiving a tax allowance and a return on equity derived from the discounted cash flow (DCF) methodology did not result in "double recovery" of taxes.

On December 22, 2017, the President of the United States signed into law H.R.1, originally known as the Tax Cuts and Jobs Act (the "2017 Tax Act"). This legislation provides for major changes to U.S. corporate federal tax law including a reduction of the federal corporate income tax rate. We are a non-taxable limited partnership for federal income tax purposes, and federal income taxes owed as a result of our earnings are the responsibility of our partners, therefore no amounts have been recorded in the Partnership's financial statements with respect to federal income taxes as a result of the 2017 Tax Act.

On March 15, 2018, FERC issued (1) a revised Policy Statement to address the treatment of income taxes for ratemaking purposes for MLPs, (2) a Notice of Proposed Rulemaking (NOPR) proposing interstate pipelines file a one-time report to quantify the impact of the federal income tax rate reduction and the revised Policy Statement could have on a pipeline's Return on Equity (ROE) assuming a single-issue adjustment to a pipeline's rates, and (3) an NOI seeking comment on how FERC should address changes related to accumulated deferred income taxes and bonus depreciation (collectively, the "2018 FERC Actions"). Each is further described below.

FERC Revised Policy Statement on Income Tax Allowance Cost Recovery in MLP Pipeline Rates

FERC changed its long-standing policy on the treatment of income tax amounts to be included in pipeline rates and other assets subject to cost of service rate regulation held within an MLP. The revised Policy Statement no longer permits entities organized as MLPs to recover an income tax allowance in their cost of service rates.

TransCanada filed a Request for Clarification and If Necessary Rehearing of FERC's revised Policy Statement on April 16, 2018, addressing concerns over the lack of clarity around entities with ownership shared between an MLP and a corporation as well as other related concerns. In the request, TransCanada sought clarification or rehearing on several bases: that FERC erred in not assessing the propriety of income tax allowances for pipelines on a case-by-case basis; that FERC overturned applicable legal precedent expressly not affected by *United*; that FERC failed to consider the effects of its revised policy on industry; and that FERC failed to exhibit reasoned decision making or to support its decision with substantial evidence on the record.

Table of Contents

NOPR on Tax Law Changes for Natural Gas Companies

The NOPR proposes that by a deadline to be set in final rule-making, interstate pipelines must either file a new uncontested settlement or comply with a rule that would require companies to file a one-time report, called FERC Form No. 501-G, that quantifies the rate impact of 2017 Tax Act and, with respect to pipelines held by MLPs, the FERC's revised Policy Statement. Concurrent with filing the one-time report, each pipeline would have four options:

- make a limited Natural Gas Act Section 4 filing to reduce its rates by the percentage reduction in its cost of service shown in its FERC Form No. 501-G
- commit to file either a pre-packaged uncontested rate settlement or a general Section 4 rate case if it believes that using the limited Section 4 option will not result in just and reasonable rates. If the pipeline commits to file either by December 31, 2018, FERC will not initiate a Natural Gas Act Section 5 investigation of its rates prior to that date
- file a statement explaining its rationale for why it does not believe the pipeline's rates must change
- take no action other than filing the one-time 501-G report. FERC would then consider whether to initiate a Section 5 investigation of any pipeline that has not submitted a limited Section 4 rate reduction filing or committed to file a general Section 4 rate case.

TransCanada submitted comments on the NOPR on April 25, 2018. Following the requisite public comment period, we expect FERC to issue final order(s) in the late summer or early fall of 2018. We continue to evaluate this NOPR and our next course of action, however, we do not expect an immediate or a retroactive impact from the NOPR or the revised Policy Statement described above.

NOI Regarding the Effect of the 2017 Tax Act on Commission-Jurisdictional Rates

In the NOI, FERC seeks comment to determine what additional action as a result of the 2017 Tax Act, if any, is required by FERC related to accumulated deferred income taxes collected from shippers in anticipation of ultimately being paid to the Internal Revenue Service, but which no longer accurately reflect the future income tax liability. The NOI also seeks comment on the elimination of bonus depreciation for regulated natural gas pipelines and other effects of the 2017 Tax Act.

We plan to submit comments in response to the NOI by the due date of May 21, 2018.

Impairment Considerations

As noted under Note 2, 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 at the date of the financial statements. Although we believe these estimates and assumptions are reasonable, actual results could differ.

We review plant, property and equipment and equity investments for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

Goodwill is tested for impairment on an annual basis or more frequently if events or changes in circumstance indicate that it might be impaired. We can initially make this assessment based on qualitative factors. If we conclude that it is not more likely than not that the fair value of the reporting unit is less than its carrying value, an impairment test is not performed.

Until the proposed 2018 FERC Actions are finalized, implementation requirements are clarified, including the applicability to assets partially-owned by a MLP or held in non-MLP structures, and we have fully evaluated our respective alternatives to minimize the potential negative impact of the 2018 FERC Actions on our future operating performance and cash flows, we believe that it is not more likely than not that the fair values of our reporting units are less than their respective carrying values. Therefore, a goodwill impairment test was not performed. Also, we have determined there is no indication that the carrying values of plant, property and equipment and equity investments potentially impacted by the 2018 FERC Actions are not recoverable.

We will continue to monitor developments and assess our goodwill for impairment. We will also review our property, plant and equipment and equity investments for recoverability as new information becomes available.

Table of Contents

At December 31, 2017, the estimated fair value of our investment in Great Lakes exceeded its carrying value by less than 10 percent. There is a risk that the 2018 FERC Actions, once finalized, could result in an impairment charge to our equity method goodwill on Great Lakes amounting to $260 million at March 31, 2018 (December 31, 2017 — $260 million). Additionally, since the estimated fair value of Tuscarora exceeded its carrying value by less than 10 percent in its most recent valuation, there is also a risk that the $82 million goodwill at March 31, 2018 (December 31, 2017 - $82 million) related to Tuscarora could be negatively impacted by the 2018 FERC Actions.

NOTE 5 EQUITY INVESTMENTS

The Partnership has equity interests in Northern Border, Great Lakes and 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 March 31, 2018	Equity Earnings Three months ended March 31,		Equity Investments	
		2018	2017	March 31, 2018	December 31, 2017

Northern Border[a]	50%	**17**	19	**507**	512
Great Lakes	46.45%	**24**	17	**499**	479
Iroquois[b]	49.34%	**18**	—	**211**	222
		59	36	**1,217**	1,213

[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] The Partnership acquired a 49.34% interest in Iroquois on June 1, 2017.

Distributions from Equity Investments

Distributions received from equity investments for the quarter ended March 31, 2018 were $45 million (2017 — $28 million;) of which $2 million (2017 - none) was considered a return of capital and is included in Investing activities in the Partnership's consolidated statement of cash flows. The return of capital was related to our investment in Iroquois (see further discussion below).

Northern Border

The Partnership did not have undistributed earnings from Northern Border for the three months ended March 31, 2018 and 2017.

The summarized financial information provided to us by Northern Border is as follows:

(unaudited) **(millions of dollars)**	**March 31, 2018**	**December 31, 2017**
ASSETS		
Cash and cash equivalents	**22**	14
Other current assets	**35**	36
Plant, property and equipment, net	**1,059**	1,063
Other assets	**14**	14
	1,130	1,127
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities	**50**	38
Deferred credits and other	**32**	31
Long-term debt, net [a]	**264**	264
Partners' equity		
Partners' capital	**785**	795
Accumulated other comprehensive loss	**(1)**	(1)
	1,130	1,127

Table of Contents

(unaudited) **(millions of dollars)**	**Three months ended March 31,**	
	2018	**2017**
Transmission revenues	**72**	74
Operating expenses	**(19)**	(17)
Depreciation	**(15)**	(15)
Financial charges and other	**(4)**	(4)
Net income	**34**	38

[a] No current maturities as of March 31, 2018 and December 31, 2017.

Great Lakes

The Partnership made an equity contribution to Great Lakes of $4 million in the first quarter of 2018. 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 months ended March 31, 2018 and 2017.

The summarized financial information provided to us by Great Lakes is as follows:

(unaudited) **(millions of dollars)**	**March 31, 2018**	**December 31, 2017**
ASSETS		
Current assets	**129**	107
Plant, property and equipment, net	**699**	701
	828	808

LIABILITIES AND PARTNERS' EQUITY		
Current liabilities	**63**	75
Net long-term debt, including current maturities [a]	**250**	259
Other long term liabilities	**—**	1
Partners' equity	**515**	473
	828	808

(unaudited) (millions of dollars)	Three months ended March 31, 2018	2017
Transmission revenues	**81**	63
Operating expenses	**(17)**	(14)
Depreciation	**(8)**	(7)
Financial charges and other	**(4)**	(5)
Net income	**52**	37

[a] Includes current maturities of $21 million as of March 31, 2018 (December 31, 2017 - $19 million).

Table of Contents

Iroquois

On June 1, 2017, the Partnership, through its interest in TC PipeLines Intermediate Limited Partnership acquired a 49.34 percent interest in Iroquois. During the three months ended March 31, 2018, the Partnership received distributions from Iroquois amounting to $14 million which includes the Partnership's 49.34 percent share of the Iroquois unrestricted cash distribution amounting to approximately $2 million. The unrestricted cash does not represent a distribution of Iroquois' cash from operations during the period and therefore it was reported as distributions received as return of investment in the Partnership's consolidated statement of cash flows.

Iroquois declared its first quarter 2018 distribution of $29 million on March 7, 2018, of which the Partnership received its 49.34 percent share or $14 million on May 1, 2018. The distribution includes our 49.34 percent share of the Iroquois unrestricted cash distribution amounting to approximately $2.6 million. The Partnership did not have undistributed earnings from Iroquois for the three months ended March 31, 2018.

The summarized financial information provided to us by Iroquois for the period from the June 1, 2017 acquisition date through March 31, 2018 is as follows:

(unaudited) (millions of dollars)	March 31, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	**105**	86
Other current assets	**32**	36
Plant, property and equipment, net	**589**	591
Other assets	**9**	8
	735	721
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities	**50**	17
Net long-term debt, including current maturities [a]	**329**	329
Other non-current liabilities	**12**	9
Partners' equity	**344**	366
	735	721

(unaudited) (millions of dollars)	Three months ended March 31, 2018
Transmission revenues	**60**
Operating expenses	**(14)**
Depreciation	**(7)**
Financial charges and other	**(4)**
Net income	**35**

[a] Includes current maturities of $4 million as of March 31, 2018 (December 31, 2017 - $4 million).

NOTE 6 REVENUES

In 2014, the FASB issued new guidance on revenue from contracts with customers. The Partnership adopted the new guidance on January 1, 2018 using the modified retrospective transition method for all contracts that were in effect on the date of adoption. The reported results for all periods in 2018 reflect the application of the new guidance, while the reported results for all periods in 2017 were prepared under previous revenue recognition guidance which is referred to herein as "legacy U.S. GAAP".

Table of Contents

Disaggregation of Revenues

For the three months ended March 31, 2018, virtually all of the Partnership's revenues were from Capacity Arrangements and Transportation Contracts with customers as discussed in more detail below.

Capacity Arrangements and Transportation Contracts

The Partnership's performance obligations in its contracts with customers consist primarily of capacity arrangements and natural gas transportation.

The Partnership's revenues are generated from contractual arrangements for committed capacity and from transportation of natural gas which are treated as a bundled performance obligation. Revenues earned from firm contracted capacity arrangements are recognized ratably over the term of the contract regardless of the amount of natural gas that is transported. Transportation revenues for interruptible or volumetric-based services are recognized when the service is performed. The Partnership has elected to utilize the practical expedient of recognizing revenue as invoiced.

The Partnership's pipeline systems are subject to FERC regulations and, as a result, a portion of revenues collected may be subject to refund if invoiced during an interim period when a rate proceeding is ongoing. Allowances for these potential refunds are recognized using management's best estimate based on the facts and circumstances of the proceeding. Any allowances that are recognized during the proceeding process are refunded or retained, as applicable, at the time a regulatory decision becomes final. Revenues are invoiced and paid on a monthly basis. The Partnership's pipeline systems do not take ownership of the natural gas that is transported for customers. Revenues from contracts with customers are recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

Financial Statement Impact of Adopting Revenue from Contracts with Customers

The Partnership adopted the new guidance using the modified retrospective transition method. As a practical expedient under this transition method, the Partnership is not required to analyze completed contracts at the date of adoption. The adoption of the new guidance did not have a material impact on the Partnership's previously reported consolidated financial statements at December 31, 2017.

Pro-forma Financial Statements under Legacy U.S. GAAP

As required by the new revenue recognition guidance, the following tables illustrate the pro-forma impact on the affected line items of the consolidated balance sheet, as at March 31, 2018, had legacy U.S. GAAP been applied (the income statement line items were not affected):

	March 31, 2018	
(unaudited-millions of dollars)	**As reported**	**Pro-forma using Legacy U.S. GAAP**
Balance Sheet		
Accounts receivable and other	**36**	43
Contract assets	**7**	—

Contract Balances

(unaudited-millions of dollars)	**March 31, 2018**	**January 1, 2018**
Receivables from contracts with customers	**31**	40
Contract assets	**7**	—

Contract assets primarily relate to the Partnership's right to recognize revenues for services completed but not invoiced at the reporting date. Any change in Contract assets is primarily related to the transfer to Accounts receivable when the right to recognize revenue becomes unconditional and the customer is invoiced as well as when revenue increases but remains to be invoiced.

Table of Contents

Future revenue from remaining performance obligations

As required by the new revenue recognition guidance, the Partnership is required to provide disclosure on future revenue allocated to remaining performance obligations on our contracts with customers that have not yet been recognized. However, all of the Partnership's contracts qualify for the use of a practical expedient listed below and therefore no disclosure on future revenues from remaining performance obligations is necessary:

1) The original expected duration of the contract is one year or less.
2) The Partnership recognizes revenue from the contract that is equal to the amount invoiced. This is referred to as the 'right to invoice' practical expedient.
3) The variable revenue generated from the contract is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation in a series. A single performance obligation in a series occurs when the promises under a contract are a series of distinct services that are substantially the same and have the same pattern of transfer to the customer over time.

In the application of the right to invoice practical expedient, the Partnership's revenues from regulated capacity arrangements are recognized based on rates specified in the contract. Therefore, the amount invoiced, which includes the variable volume of natural gas transported, corresponds directly to the value the customer received. These revenues are recognized on a monthly basis once the Partnership's performance obligation to provide capacity has been satisfied. In addition, the Partnership considers interruptible transportation service revenues to be variable revenues as volumes cannot be estimated. These variable revenues are recognized on a monthly basis when the Partnership's performance obligation of natural gas deliveries is made at the agreed-upon delivery point.

Lastly, future revenues from the Partnership's firm capacity contracts include fixed revenues for the time periods when current rate settlements are in effect, which is approximately one to four years. Many of these contracts are long-term in nature and revenues from the remaining performance obligations on these contracts will be recognized using the FERC approved rates once the performance obligation to provide capacity has been satisfied.

NOTE 7 DEBT AND CREDIT FACILITIES

(unaudited) (millions of dollars)	March 31, 2018	Weighted Average Interest Rate for the Three Months Ended March 31, 2018	December 31, 2017	Weighted Average Interest Rate for the Year Ended December 31, 2017
TC PipeLines, LP				
Senior Credit Facility due 2021	**165**	2.85%	185	2.41%
2013 Term Loan Facility due 2022	**500**	2.86%	500	2.33%
2015 Term Loan Facility due 2020	**170**	2.75%	170	2.22%
4.65% Unsecured Senior Notes due 2021	**350**	4.65%[a]	350	4.65%[a]
4.375% Unsecured Senior Notes due 2025	**350**	4.375%[a]	350	4.375%[a]
3.90 % Unsecured Senior Notes due 2027	**500**	3.90%[a]	500	3.90%[a]
GTN				
5.29% Unsecured Senior Notes due 2020	**100**	5.29%[a]	100	5.29%[a]
5.69% Unsecured Senior Notes due 2035	**150**	5.69%[a]	150	5.69%[a]
Unsecured Term Loan Facility due 2019	**55**	2.55%	55	2.02%
PNGTS				
5.90% Senior Secured Notes due 2018	**24**[b]	5.90%[a]	30[c]	5.90%[a]
Tuscarora				
Unsecured Term Loan due 2020	**25**	2.73%	25	2.27%
	2,389		2,415	
Less: unamortized debt issuance costs and debt discount	**12**		12	
Less: current portion	**45**[b]		51[c]	
	2,332		2,352	

Table of Contents

[a] Fixed interest rate
[b] Includes the PNGTS portion due at March 31, 2018 amounting to $6.1 million that was paid on April 2, 2018.
[c] Includes the PNGTS portion due at December 31, 2017 amounting to $5.8 million that was paid on January 2, 2018.

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 $165 million was outstanding at March 31, 2018 (December 31, 2017 - $185 million), leaving $335 million available for future borrowing. The LIBOR-based interest rate on the Senior Credit Facility was 2.92 percent at March 31, 2018 (December 31, 2017 — 2.62 percent).

As of March 31, 2018, 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, 2017 — 2.31 percent). Prior to hedging activities, the LIBOR-based interest rate on the 2013 Term Loan Facility was 2.92 percent at March 31, 2018 (December 31, 2017 — 2.62 percent).

The LIBOR-based interest rate on the 2015 Term Loan Facility was 2.81 percent at March 31, 2018 (December 31, 2017 — 2.51 percent).

The 2013 Term Loan Facility and the 2015 Term Loan Facility (collectively, the 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 4.56 to 1.00 as of March 31, 2018.

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 March 31, 2018 was 44 percent. The LIBOR-based interest rate on the GTN's Unsecured Term Loan Facility was 2.61 percent at March 31, 2018 (December 31, 2017 — 2.31 percent).

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 March 31, 2018, the debt service coverage ratio was 1.65 for the twelve preceding months and 2.14 for the twelve succeeding months. Therefore, PNGTS was not restricted to make any cash distributions.

On April 5, 2018, PNGTS entered into a revolving credit agreement under which PNGTS has the ability to borrow up to $125 million with a variable interest rate based on LIBOR. The credit agreement matures on April 5, 2023 and requires PNGTS to maintain a leverage ratio not greater than 5.00 to 1.00. The facility will be utilized to fund the costs of the PXP expansion project, including the repayment of the existing 5.90% Senior Notes.

Tuscarora

Tuscarora's Unsecured Term Loan contains a covenant that requires 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 or equal to 3.00 to 1.00. As of March 31, 2018, the ratio was 11.2 to 1.00.

The LIBOR-based interest rate on the Tuscarora's Unsecured Term Loan Facility was 2.79 percent at March 31, 2018 (December 31, 2017 — 2.49 percent).

At March 31, 2018, 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

Table of Contents

additional debt and distributions to unitholders. Refer also to Note 19 for important information relating to distribution reduction to retain cash that will be used to fund ongoing capital expenditures and the repayment of debt to levels that prudently manage our financial metrics in response to the potential negative impact of the 2018 FERC Actions on our future operating performance and cashflows.

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

(unaudited) **(millions of dollars)**	
2018	45
2019	36
2020	293
2021	515
2022	500
Thereafter	1,000
	2,389

NOTE 8 PARTNERS' EQUITY

ATM equity issuance program (ATM program)

During the three months ended March 31, 2018, we issued 0.7 million common units under our ATM program generating net proceeds of approximately $39 million, plus $1 million contributed by the General Partner to maintain its effective two percent general partner interest. The commissions to our sales agents in the three months ended March 31, 2018 were nil. 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. Additionally, the Class B distribution will be further reduced by the percentage by which distributions payable to common units is reduced for the calendar year (Class B Reduction).

For the year ending December 31, 2018, the Class B units' equity account will be increased by the excess of 30 percent of GTN's distributions less the annual threshold of $20 million and the Class B Reduction and until such amount is declared for distribution and paid in the first quarter of 2019. During the three months ended March 31, 2018, the threshold was not exceeded.

For the year ended December 31, 2017, the Class B distribution was $15 million and was declared and paid in the first quarter of 2018.

NOTE 9 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 attributable to PNGTS' former parent, amounts attributable to the General Partner and Class B units, by the weighted average number of common units outstanding.

The amount 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 2018 equals 30 percent of GTN's distributable cash flow during the year ended December 31, 2018 less $20 million and the Class B Reduction (December 31, 2017 —$20 million). During the three months ended March 31, 2018 and 2017, no amounts were allocated to the Class B units as the annual threshold was not exceeded.

Net income per common unit was determined as follows:

Table of Contents

(unaudited) (millions of dollars, except per common unit amounts)	Three months ended March 31, 2018	2017
Net income attributable to controlling interests	**96**	77[a]
Net income attributable to PNGTS' former parent [b]	**—**	(2)[a]
Net income allocable to General Partner and Limited Partners	**96**	75
Net income attributable to the General Partner	**(2)**	(1)
Incentive distributions attributable to the General Partner [c]	**—**	(2)
Net income attributable to common units	**94**	72
Weighted average common units outstanding *(millions)* — basic and diluted	**71.2**	68.3
Net income per common unit — basic and diluted	**$ 1.32**	$ 1.05[d]

(a) Recast to consolidate PNGTS (Refer to Note 2).

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

NOTE 10 CASH DISTRIBUTIONS

During the three months ended March 31, 2018, the Partnership distributed $1.00 per common unit (March 31, 2017 — $0.94 per common unit) for a total of $76 million (March 31, 2017 - $68 million).

The distribution paid to our General Partner during the three months ended March 31, 2018 for its effective two percent general partner interest was $2 million along with an IDR payment of $3 million for a total distribution of $5 million (March 31, 2017 - $2 million for the effective two percent interest and a $2 million IDR payment).

NOTE 11 CHANGE IN OPERATING WORKING CAPITAL

(unaudited) (millions of dollars)	Three months ended March 31, 2018	2017 [a]
Change in accounts receivable and other	**—**	7
Change in other current assets	**(3)**	1
Change in accounts payable and accrued liabilities	**—**	(3)
Change in accounts payable to affiliates	**—**	(1)
Change in accrued interest	**9**	3
Change in operating working capital	**6**	7

(a) Recast to consolidate PNGTS (Refer to Note 2).

NOTE 12 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 conduct 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 months ended March 31, 2018 and 2017, total costs charged to the Partnership by the General Partner were $1 million.

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

Table of Contents

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, except for Iroquois, for the three months ended March 31, 2018 and 2017 by TransCanada's subsidiaries and amounts payable to TransCanada's subsidiaries at March 31, 2018 and December 31, 2017 are summarized in the following tables:

	Three months ended

(unaudited) (millions of dollars)	March 31, 2018	2017
Capital and operating costs charged by TransCanada's subsidiaries to:		
Great Lakes [a]	**9**	8
Northern Border [a]	**9**	10
GTN	**8**	7
Bison	**2**	1
North Baja	**1**	1
Tuscarora	**1**	1
PNGTS [a]	**2**	2[b]
Impact on the Partnership's net income:		
Great Lakes	**4**	3
Northern Border	**4**	3
GTN	**8**	7
Bison	**2**	1
North Baja	**1**	1
Tuscarora	**1**	1
PNGTS	**1**	1[b]

(unaudited) (millions of dollars)	March 31, 2018	December 31, 2017
Net amounts payable to TransCanada's subsidiaries is as follows:		
Great Lakes [a] [c]	**3**	3
Northern Border [a]	**4**	4
GTN	**3**	3
Bison	**1**	1
North Baja	**—**	—
Tuscarora	**—**	—
PNGTS[a]	**1**	1

[a] Represents 100 percent of the costs.
[b] Recast to consolidate PNGTS (Refer to Note 2).
[c] Excludes any amounts owed to affiliates relating to revenue sharing. See discussion below.

Great Lakes

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 months ended March 31, 2018, Great Lakes earned 68 percent of transportation revenues from TransCanada and its affiliates (2017 — 67 percent).

At March 31, 2018, $10 million was included in Great Lakes' receivables in regards to the transportation contracts with TransCanada and its affiliates (December 31, 2017 — $20 million).

During 2017, Great Lakes operated under a FERC approved 2013 rate settlement that included a revenue sharing mechanism that required Great Lakes to share with its customers certain percentages of any qualifying revenues earned above certain ROEs. For the year ended December 31, 2017, Great Lakes has recorded an estimated revenue sharing provision amounting to $40 million, a significant amount of which will be payable to its affiliates. Under the terms of the 2017 Great Lakes Settlement, beginning 2018, its revenue sharing provision was eliminated (Refer to our Annual Report on form 10-K for the year ended December 31, 2017).

Table of Contents

PNGTS

PNGTS earns transportation revenues from TransCanada and its affiliates. For the three months ended March 31, 2018, PNGTS earned approximately $1 million of its transportation revenues from TransCanada and its affiliates (2017 — nil).

At March 31, 2018, nil was included in PNGTS' receivables in regards to the transportation contracts with TransCanada and its affiliates (December 31, 2017 — nil).

In connection with anticipated future commercial opportunities, PNGTS has entered into an arrangement with its affiliates regarding the construction of certain facilities on their systems that will be required to fulfill future contracts on the PNGTS' system. In the event the anticipated developments do not proceed, PNGTS will be required to reimburse its affiliates for any costs incurred related to the development of these facilities. At March 31, 2018, the total costs incurred by these affiliates was approximately $5 million.

NOTE 13 FAIR VALUE MEASUREMENTS

(a) Fair Value Hierarchy

Under Accounting Standards Codification (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 as Level 2 of the fair value hierarchy for fair value disclosure purposes. Interest rate derivative assets and liabilities are classified as 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 prices. The estimated fair value of the Partnership's debt as at March 31, 2018 and December 31, 2017 was $2,408 million and $2,475 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 Partnership's 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 March 31, 2018, the fair value of the interest rate swaps accounted for as cash flow hedges was an asset of $12 million (both on a gross and net basis). At December 31, 2017, the fair value of the interest rate swaps accounted for as cash flow hedges was an asset of $5 million (on both gross and net basis). The change in fair value of interest rate derivative instruments recognized in other comprehensive income was a gain of $7 million for the three months ended March 31, 2018 (2017 — gain of $1 million). For the three months ended March 31, 2018, the net realized gain related to the interest rate swaps was $1 million, and was included in financial charges and other (2017 - nil) (Refer to Note 15).

Table of Contents

The Partnership's $500 million 2013 Term Loan is hedged using fixed interest rate swaps until July 1, 2018 at an average rate of 2.31 percent. From July 2, 2018 until its October 2, 2022 maturity, it will be hedged using forward starting swaps at an average rate of 3.26 percent.

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 March 31, 2018 (net asset of $5 million as of December 31, 2017).

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 Accounting Standards Codification (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 March 31, 2018, our 61.71 percent proportionate share of net unamortized loss on PNGTS included in other comprehensive income was $1 million (December 31, 2017 - $1 million). For the three months ended March 31, 2018 and 2017, our 61.71 percent proportionate share of the amortization of realized loss on derivative instruments was nil.

NOTE 14 ACCOUNTS RECEIVABLE AND OTHER

(unaudited) (millions of dollars)	March 31, 2018	December 31, 2017
Trade accounts receivable, net of allowance of nil	**31**	40
Imbalance receivable from affiliates	**3**	1
Other	**2**	1
	36	42

NOTE 15 FINANCIAL CHARGES AND OTHER

(unaudited) (millions of dollars)	Three months ended March 31,	
	2018	2017[b]
Interest expense [a]	**24**	17
Net realized gain related to the interest rate swaps	**(1)**	—
	23	17

[a] Includes amortization of debt issuance costs and discount costs.

(b) Recast to consolidate PNGTS (Refer to Note 2).

NOTE 16 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. In September 2015, the federal district court judge entered a judgment in the amount of $32.9 million in favor of Great Lakes. Essar successfully appealed this decision to the United States Court of Appeals for the Eighth Circuit (Eighth Circuit) based on an allegation of improper jurisdiction and various other rulings by the federal district judge. The Eighth Circuit vacated Great Lakes' judgment against Essar finding that there was no federal jurisdiction. In May 2017, the federal district court awarded Essar Minnesota approximately $1.2 million for costs, including recovery of the premium for the performance bond Essar was required to post pending appeal.

Essar Minnesota filed for bankruptcy in July 2016. Following Essar's successful appeal and award of $1.2 million of costs, Great Lakes was required to release the $1.2 million into the bankruptcy estates. Great Lakes filed a claim against

Table of Contents

Essar Minnesota in the bankruptcy court. The bankruptcy court approved Great Lakes' unsecured claim in the amount of $31.5 million in April 2017. Great Lakes is unable to estimate the timing or the extent to which its claim will be recoverable in the bankruptcy proceedings.

The Foreign Essar Affiliates have not filed for bankruptcy and Great Lakes' case against the Foreign Essar Affiliates in Minnesota state court remains pending. The Foreign Essar Affiliates gave an offer of judgment (Offer of Judgment) in the federal district court proceeding whereby the Foreign Essar Affiliates agreed to satisfy any judgment awarded to Great Lakes. The Foreign Essar Affiliates dispute that the Offer of Judgment is enforceable because the federal court judgment was vacated on appeal. Great Lakes has obtained a consent order from the bankruptcy court permitting it to petition the state court to enforce the Offer of Judgment. If unsuccessful in state court, Great Lakes can return to bankruptcy court for an order permitting it to proceed to trial in state court on its claims under the transportation services agreement against the Foreign Essar Affiliates.

At March 31, 2018, Great Lakes is unable to estimate the timing or the extent to which its claim will be recoverable in the bankruptcy proceedings, therefore, it did not recognize any gain contingency on its outstanding claim against Essar.

Additionally, at March 31, 2018, the Partnership is not aware of any contingent liabilities that would have a material adverse effect on the Partnership's financial condition, results of operations or cash flows.

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 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:

Table of Contents

(unaudited) (millions of dollars)	March 31, 2018	December 31, 2017
ASSETS (LIABILITIES) *		
Cash and cash equivalents	**31**	19
Accounts receivable and other	**23**	30
Contract assets	**7**	—
Inventories	**6**	6
Other current assets	**6**	5
Equity investments	**1,217**	1,213

Plant, property and equipment, net	**1,126**	1,133
Other assets	**1**	1
Accounts payable and accrued liabilities	**(26)**	(24)
Accounts payable to affiliates, net	**(29)**	(42)
Distributions payable	**(2)**	(1)
State taxes payable	**(1)**	—
Accrued interest	**(5)**	(2)
Current portion of long-term debt	**(45)**	(51)
Long-term debt	**(308)**	(308)
Other liabilities	**(27)**	(26)
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.

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 March 31, 2018 and December 31, 2017 relate primarily to utility plant. At March 31, 2018 and December 31, 2017 the New Hampshire BPT effective tax rate was 3.8 percent for both periods and was applied to PNGTS' taxable income.

(unaudited) (millions of dollars)	Three months ended March 31, 2018	2017[a]
State income taxes		
Current	**1**	1
Deferred	**—**	—
	1	**1**

[a] Recast to consolidate PNGTS (Refer to Note 2).

NOTE 19 SUBSEQUENT EVENTS

Management of the Partnership has reviewed subsequent events through May 2, 2018, 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 May 1, 2018, the board of directors of the General Partner declared the Partnership's first quarter 2018 cash distribution in the amount of $0.65 per common unit payable on May 15, 2018 to unitholders of record as of May 9, 2018. The declared distribution totaled $47 million and is payable in the following manner: $46 million to common unitholders (including $4 million to the General Partner as a holder of 5,797,106 common units and $7 million to another subsidiary of TransCanada as holder of 11,287,725 common units) and $1 million to the General Partner for its effective two percent general partner interest. The General Partner did not receive any distributions in respect of its IDRs for the first quarter 2018. This distribution represents a 35 percent reduction to the Partnership's fourth quarter 2017 distribution of $1.00 per common unit. Cash retained by the Partnership will be used to fund ongoing capital expenditures and the repayment of debt to levels that prudently manage our financial metrics in response to the potential negative impact of the 2018 FERC Actions on our future operating performance and cashflows.

Northern Border declared its March 2018 distribution of $8.8 million on April 12, 2018, of which the Partnership received its 50 percent share or $4.4 million on April 30, 2018.

Great Lakes declared its first quarter 2018 distribution of $54.8 million on April 16, 2018, of which the Partnership received its 46.45 percent share or $25.5 million on May 1, 2018.

Table of Contents

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, 2017.

RECENT BUSINESS DEVELOPMENTS

In December 2016, FERC issued Docket No. PL17-1-000 requesting initial comments regarding how to address any "double recovery" resulting from FERC's current income tax allowance and rate of return policies that had been in effect since 2005.

Docket No. PL17-1-000 is a direct response to *United Airlines, Inc., et al. v. FERC*, a decision issued by the U.S. Court of Appeals for the District of Columbia Circuit in July 2016 in which the D.C. Circuit directed FERC to explain how a pass-through entity such as an MLP receiving a tax allowance and a return on equity derived from the DCF methodology did not result in "double recovery" of taxes.

On December 22, 2017, the President of the United States signed into law the 2017 Tax Act. This legislation provides for major changes to U.S. corporate federal tax law including a reduction of the federal corporate income tax rate. We are a non-taxable limited partnership for federal income tax purposes, and federal income taxes owed as a result of our earnings are the responsibility of our partners, therefore no amounts have been recorded in the Partnership's financial statements with respect to federal income taxes as a result of the 2017 Tax Act.

On March 15, 2018, FERC issued the following 2018 FERC Actions: the revised Policy Statement, the NOPR and the NOI. Each is further described below.

FERC Revised Policy Statement on Income Tax Allowance Cost Recovery in MLP Pipeline Rates

FERC changed its long-standing policy on the treatment of income tax amounts to be included in pipeline rates and other assets subject to cost of service rate regulation held within an MLP. The revised Policy Statement no longer permits entities organized as MLPs to recover an income tax allowance in their cost of service rates.

TransCanada filed a Request for Clarification and If Necessary Rehearing of FERC's revised Policy Statement on April 16, 2018, addressing concerns over the lack of clarity around entities with ownership shared between an MLP and a corporation as well as other related concerns. In the request, TransCanada sought clarification or rehearing on several bases: that FERC erred in not assessing the propriety of income tax allowances for pipelines on a case-by-case basis; that FERC overturned applicable legal precedent expressly not affected by *United*; that FERC failed to consider the effects of its revised Policy Statement on industry; and that FERC failed to exhibit reasoned decision making or to support its decision with substantial evidence on the record.

NOPR on Tax Law Changes for Natural Gas Companies

The NOPR proposes that by a deadline to be set in final rule-making, interstate pipelines must either file a new uncontested settlement or comply with a rule that would require companies to file a one-time report, called FERC Form No. 501-G, that quantifies the rate impact of 2017 Tax Act and, with respect to pipelines held by MLPs, the FERC's revised Policy Statement. Concurrent with filing the one-time report, each pipeline would have four options:

- make a limited Natural Gas Act Section 4 filing to reduce its rates by the percentage reduction in its cost of service shown in its FERC Form No. 501-G
- commit to file either a pre-packaged uncontested rate settlement or a general Section 4 rate case if it believes that using the limited Section 4 option will not result in just and reasonable rates. If the pipeline commits to file either by December 31, 2018, FERC will not initiate a Natural Gas Act Section 5 investigation of its rates prior to that date
- file a statement explaining its rationale for why it does not believe the pipeline's rates must change
- take no action other than filing the one-time 501-G report. FERC would then consider whether to initiate a Section 5 investigation of any pipeline that has not submitted a limited Section 4 rate reduction filing or committed to file a general Section 4 rate case.

TransCanada submitted comments on the NOPR on April 25, 2018. Following the requisite public comment period, we expect FERC to issue final order(s) in the late summer or early fall of 2018. We continue to evaluate this NOPR and our

Table of Contents

next course of action, however, we do not expect an immediate or a retroactive impact from the NOPR or the revised Policy Statement described above.

NOI Regarding the Effect of the 2017 Tax Act on Commission-Jurisdictional Rates

In the NOI, FERC seeks comment to determine what additional action as a result of the 2017 Tax Act, if any, is required by FERC related to accumulated deferred income taxes that were collected from shippers in anticipation of ultimately being paid to the Internal Revenue Service, but which no longer accurately reflect the future income tax liability. The NOI also seeks comment on the elimination of bonus depreciation for regulated natural gas pipelines and other effects of the 2017 Tax Act.

We plan to submit comments in response to the NOI by the due date of May 21, 2018.

Partnership Specific Considerations

Given both the timing for FERC to issue final order(s) and any subsequent procedural schedule, the Partnership does not anticipate any FERC mandated action to reduce maximum allowable rates in 2018. Notwithstanding the uncertainty around the timing for any direct action following the implementation of the final order(s), the Partnership believes that any future impacts would take effect prospectively upon the completion or settlement of a rate case, including one that may be initiated by the FERC or customers.

Should the Partnership choose to proactively address the issues contemplated by the 2018 FERC Actions, prospective changes in our pipeline systems' revenues could occur as early as late 2018.

Presuming the disallowance of the recovery of income tax costs in the rates of our pipeline systems as contemplated by FERC's revised policy, future maximum allowable rates could be significantly and negatively impacted. However, as noted below, FERC has indicated that any rate reduction is not expected to affect negotiated rate contracts. Further, with respect to the maximum recourse rate contracts, FERC's establishment of a just and reasonable rate is based on many components; tax-related changes will affect two such components, the allowance for income taxes and the amount for accumulated deferred income taxes, while other pipeline costs also will continue to affect FERC's determination of just and reasonable cost-of-service rates. While numerous uncertainties exist around the implementation of the 2018 FERC Actions, the net effect of these revenue reductions could have a material negative impact on the earnings, cash flow, and financial position of the Partnership and could diminish its relative ability to attract capital to fund future growth.

While the changes to tax allowances in the rates of our pipeline systems as contemplated by the 2018 FERC Actions could represent a material reduction in revenue, additional requirements within the NOPR may accelerate the timeframe for previously anticipated rate proceedings on several of our pipeline systems. The result of this process could be a reset of certain pipelines' return allowances along with the changes to the allowances for income taxes. Proceedings related to these actions could begin as early as the third quarter of 2018. This represents a revision of our previous expectations, where existing rate settlements for our systems did not require us to establish new rates earlier than 2022.

In addition to concerns covered by the 2018 FERC Actions, each individual pipeline entity must be separately evaluated considering all other cost of service elements to arrive at rates that may be deemed to be just and reasonable. The 2018 FERC Actions note that precise treatment of entities with more ambiguous ownership structures must be separately resolved on a case-by-case basis, presumably including those partially owned by corporations such as Great Lakes, Northern Border, Iroquois and PNGTS pipelines.

Given the uncertainties in the 2018 FERC Actions and the potential variability of outcomes following the proceedings that may be initiated pursuant to its requirements, we are unable to precisely quantify the ultimate timing and amount of the reductions in revenue, earnings and cash flows, if any. If there are no substantial changes to the currently proposed 2018 FERC Actions and absent other mitigating factors, we estimate that cash flows from our pipeline systems and subsidiaries could ultimately be reduced by up to approximately $100 million on an annualized basis. These estimates could change due to numerous assumptions around the resolution of related issues as they are applied across our pipeline systems individually.

Table of Contents

We believe that the changes contemplated by the 2018 FERC Actions will only impact the maximum allowable rates our pipeline systems can charge and will not substantively impact negotiated or non-recourse rates. Approximately half of the Partnership's share of revenues (including those accounted for in the earnings of our equity investments) are derived from contracts that are not at the maximum allowable rate. Accordingly, any reduction to the maximum or recourse rates would not have a proportional reduction on overall revenues.

Partnership Response and Outlook of Our Business

In anticipation of the possibility of significantly reduced cash flow and the new policies resulting from the 2018 FERC Actions that may make growth by MLP entities more difficult, the Partnership is undertaking a complete review of its strategic options. While revenues from our pipeline systems are not expected to decrease prior to individual rate proceedings, the Partnership is taking proactive measures to manage its leverage metrics and conserve capital for near-term capital requirements given the magnitude and timing of the potential future cash flow decreases.

Accordingly, beginning with our first quarter 2018 distribution, the Partnership reduced its cash distributions to unitholders to $0.65 per quarter representing a 35 percent reduction to our most recent distribution of $1.00 per common unit. Cash retained by the Partnership will be used to fund ongoing capital expenditures and the repayment of debt to levels that prudently manage our financial metrics in anticipation of the reduction of revenues of up to approximately $100 million on an annualized basis should our pipeline systems rates be reset in response to the 2018 FERC Actions beginning as early as late 2018.

TransCanada, the ultimate parent company of our General Partner, has historically viewed us as an element of its capital financing strategy. TransCanada has stated that the Partnership is not seen as a viable funding lever in the absence of changes to the 2018 FERC Actions and as a result, it does not anticipate further asset dropdowns to the Partnership at this time. This traditional source of growth will not be accessible under the current circumstances, and options for further growth are significantly limited. Accordingly, many longer-term implications must be re-evaluated. Various strategic options are being considered currently, including a reorganization of the Partnership's legal structure to partially mitigate the effects of the 2018 FERC Actions. To respond to new information or changes in strategies in the future, the Partnership may consider further distribution changes either as a standalone action or in combination with reorganization, or other strategies.

Our focus remains on safe and reliable operations of our pipeline assets and we expect our assets to continue to serve their customers as designed.

Impairment Considerations

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.

We review plant, property and equipment and equity investments for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

Goodwill is tested for impairment on an annual basis or more frequently if events or changes in circumstance indicate that it might be impaired. We can initially make this assessment based on qualitative factors. If we conclude that it is not more likely than not that the fair value of the reporting unit is less than its carrying value, an impairment test is not performed.

Until the proposed 2018 FERC Actions are finalized, implementation requirements are clarified, including the applicability to assets partially-owned by a MLP or held in non-MLP structures, and we have fully evaluated our respective alternatives to minimize the potential negative impact of the 2018 FERC Actions, we believe that it is not more likely than not that the fair values of our reporting units are less than its respective carrying values. Therefore, a goodwill impairment test was not performed. Also, we have determined there is no indication that the carrying values of plant, property and equipment and equity investments potentially impacted by the 2018 FERC Actions are not recoverable. We will continue to monitor developments and assess our goodwill for impairment. We will also review our property, plant and equipment and equity investments for recoverability as new information becomes available.

At December 31, 2017, the estimated fair value of our investment in Great Lakes exceeded its carrying value by less than 10 percent. There is a risk that the 2018 FERC Actions, once finalized, could result in an impairment charge to our

Table of Contents

equity method goodwill on Great Lakes amounting to $260 million at March 31, 2018 (December 31, 2017 — $260 million). Additionally, since the estimated fair value of Tuscarora exceeded its carrying value by less than 10 percent in its most recent valuation, there is also a risk that the $82 million

goodwill at March 31, 2018 (December 31, 2017 - $82 million) related to Tuscarora could be negatively impacted by the 2018 FERC Actions.

Other Business Developments

NOI on Certificate Policy Statement - FERC issued a Certificate Policy Statement Notice of Inquiry on April 19, 2018, related to its policies for the review and authorization of new natural gas infrastructure projects. Any proposed changes to the current policy will be prospective only and it is expected that FERC will take many months to determine whether it will change anything for proposed natural gas pipeline projects. Comments are due within 60 days after publication in the Federal Register.

Portland XPress Project - As noted in our Annual Report for the year ended December 31, 2017, the in-service dates of PXP are being phased-in over a three-year period beginning November 1, 2018. On April 20, 2018, PNGTS filed the required application with FERC, which includes an amendment to its Presidential Permit and an increase in its certificated capacity to bring additional volume of gas to New England. Additionally, on April 5, 2018, PNGTS entered into a $125 million Revolving Credit Facility. The facility will be utilized to fund the costs of the PXP expansion project, including the repayment of the existing balance on PNGTS' 5.90% Senior Notes.

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 ownership interests in eight pipelines 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.

Table of Contents

(unaudited) (millions of dollars)	Three months ended March 31, 2018	2017 [a]	$ Change [b]	% Change [b]
Transmission revenues	**115**	112	3	3
Equity earnings	**59**	36	23	64
Operating, maintenance and administrative costs	**(24)**	(23)	(1)	(4)
Depreciation	**(24)**	(24)	—	—
Financial charges and other	**(23)**	(17)	(6)	(35)
Net income before taxes	**103**	84	19	23
State income taxes	**(1)**	(1)	—	—
Net Income	**102**	83	19	23
Net income attributable to non-controlling interests	**6**	6	—	—
Net income attributable to controlling interests	**96**	77	19	25

[a] Financial information was recast to consolidate PNGTS. Refer to Note 2 within Item 1, 'Financial Statements" for more information.
[b] Positive number represents a favorable change; bracketed or negative number represents an unfavorable change.

Three Months Ended March 31, 2018 compared to Same Period in 2017

The Partnership's net income attributable to controlling interests increased by $19 million in the three months ended March 31, 2018 compared to 2017, an increase of $0.27 per common unit, mainly due to the following:

Transmission revenues — Revenues were higher due largely to higher discretionary services sold by GTN and an increase in short-term firm transportation services on North Baja.

Equity Earnings - The $23 million increase was primarily due to the addition of equity earnings from Iroquois effective June 1, 2017. Additionally, equity earnings in Great Lakes increased as a result of incremental seasonal winter sales during the current period and the elimination of Great Lakes' revenue sharing mechanism beginning in 2018 as part of the 2017 Great Lakes Settlement. The additional earnings were partially offset by lower revenue and earnings from Northern Border resulting from its rate reduction as part of the 2017 Northern Border Settlement.

Financial charges and other - The $6 million increase was primarily 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 comparable to the first quarter of 2017 due to comparable results from PNGTS.

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

As discussed in Note 9 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 at the end of the third quarter of 2018. Please also read Note 8 within Item 1. "Financial Statements," for additional disclosures on the Class B units.

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 Senior 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.

Table of Contents

Our General Partner recently announced a distribution of $0.65 per common unit, down from our fourth quarter 2017 distribution of $1.00 per common unit, beginning the first quarter of 2018 payable to common unitholders on May 15, 2018. Cash retained by the Partnership will be used to fund ongoing capital expenditures and the repayment of debt to levels that prudently manage our financial metrics in anticipation of the reduction of revenues of up to $100 million on an annualized basis should our pipeline systems rates be reset in response to the 2018 FERC Actions over a short period beginning as early as late 2018.

We expect to be able to fund our short term liquidity requirements, including the revised distributions to our unitholders and required debt repayments, at the Partnership level over the next 12 months utilizing our operating 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)	March 31, 2018	December 31, 2017
Total capacity under the Senior Credit Facility	500	500
Less: Outstanding borrowings under the Senior Credit Facility	165	185
Available capacity under the Senior Credit Facility	335	315

The principal sources of liquidity on our pipeline systems 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 of our pipeline systems 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 Three Months Ended March 31, 2018 compared to Same Period in 2017

(unaudited) (millions of dollars)	Three months ended March 31, 2018	2017 [a]
Net cash provided by (used in):		
Operating activities	**117**	107
Investing activities	**(4)**	(11)
Financing activities	**(78)**	(83)
Net increase in cash and cash equivalents	**35**	13
Cash and cash equivalents at beginning of the period	**33**	64
Cash and cash equivalents at end of the period	**68**	77

[a] Financial information was recast to consolidate PNGTS (Refer to Note 2 within Item 1. "Financial Statements").

Operating Cash Flows

Net cash provided by operating activities increased by $10 million in the three months ended March 31, 2018 compared to the same period in 2017 primarily due to the net effect of:

· distributions received from Iroquois resulting from the addition of Iroquois to our portfolio of assets effective June 1, 2017;

- higher interest expense attributable to additional borrowings to finance the 2017 Acquisitions; and
- higher distributions received from Great Lakes due to additional contracted revenue in the fourth quarter of 2017 compared to the fourth quarter of 2016.

Investing Cash Flows

Net cash used in investing activities decreased by $7 million in the three months ended March 31, 2018 compared to the same period in 2017 primarily due to lower capital maintenance expenditures in 2018 in combination with the $2 million unrestricted cash distribution we received from Iroquois representing a return of investment.

Financing Cash Flows

The net decrease in cash used in financing activities was approximately $5 million in the three months ended March 31, 2018 compared to the same period in 2017 primarily due to the net effect of:

- $35 million net decrease in debt repayments;
- $8 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 as a result of a higher number of units outstanding during the first quarter of 2018 compared to the same period in 2017 from ATM unit issuances during 2017 and into 2018;
- $7 million decrease in distributions paid to Class B units in 2018 as compared to 2017;
- $31 million decrease in our ATM equity issuances in the first quarter of 2018 as compared to the same period in 2017;
- $1 million decrease in distributions paid to non-controlling interests due to lower declared distributions from PNGTS for the fourth quarters of 2017 and 2016 resulting from lower revenue in the fourth quarter of 2017 compared to the same period in 2016; and
- $1 million decrease in distributions paid to TransCanada as the former parent of PNGTS due to the Partnership's acquisition of TransCanada's then-remaining 11.81 percent interest in PNGTS effective June 1, 2017.

Short-Term Cash Flow Outlook

Operating Cash Flow Outlook

Northern Border declared its March 2018 distribution of $8.8 million on April 6, 2018, of which the Partnership received its 50 percent share or $4.4 million. The distribution was paid on April 30, 2018.

Great Lakes declared its first quarter 2018 distribution of $54.8 million on April 16, 2018, of which the Partnership received its 46.45 percent share or $25.5 million. The distribution was paid on May 1, 2018.

Iroquois declared its first quarter 2018 distribution of $29 million on March 7, 2018, of which the Partnership received its 49.34 percent share or $14 million on May 1, 2018.

Our equity investee Iroquois has $4 million of scheduled debt repayments for the remainder of 2018 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 2018. 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 2018 to further fund debt repayments. This is consistent with prior years.

Our consolidated entities have commitments of $2 million as of March 31, 2018 in connection with various maintenance and general plant projects.

Financing Cash Flow Outlook

On May 1, 2018, the board of directors of our General Partner declared the Partnership's first quarter 2018 cash distribution in the amount of $0.65 per common unit payable on May 15, 2018 to unitholders of record as of May 9, 2018. Please see "Recent Business Developments" and Note 19 within Item 1. "Financial Statements" for additional disclosures.

On April 5, 2018, PNGTS entered into a $125 million Revolving Credit Facility. The facility will be utilized to fund the costs of the PXP expansion project, including the pay-out of the existing balance of PNGTS' 5.90% Senior Notes.

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,
- Income taxes,
- 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 2018 equal 30 percent of GTN's distributable cash flow less $20 million and the Class B Reduction.

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.

Table of Contents

Reconciliations of Net Income to EBITDA and Distributable Cash Flow

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 March 31, 2018	2017 [a]
Net income	**102**	83
Add:		
Interest expense[b]	**23**	17
Depreciation and amortization	**24**	24
Income taxes	**1**	1
EBITDA	**150**	125
Add:		
Distributions from equity investments[c]		
Northern Border	**19**	20
Great Lakes	**26**	20
Iroquois [d]	**14**	—
	59	40
Less:		
Equity earnings:		
Northern Border	**(17)**	(19)
Great Lakes	**(24)**	(17)
Iroquois	**(18)**	—
	(59)	(36)
Less:		
Interest expense[b]	**(23)**	(17)
Income taxes	**(1)**	(1)
Distributions to non-controlling interests[e]	**(7)**	(5)
Distributions to TransCanada as PNGTS' former parent[f]	**—**	(1)
Maintenance capital expenditures [g]	**(6)**	(10)
	(37)	(34)
Total Distributable Cash Flow	**113**	95
General Partner distributions declared [h]	**(1)**	(3)
Distributions allocable to Class B units [i]	**—**	—
Distributable Cash Flow	**112**	92

[a] Financial information was recast to consolidate PNGTS. Refer to Note 2 within Item 1." Financial Statements".

[b] Interest expense as presented includes net realized loss or gain related to the interest rate swaps and amortization of realized loss on PNGTS' derivative instruments. Refer to Note 15 within Item 1." Financial Statements".

(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) This amount represents our proportional 49.34 percent share of the distribution declared by our equity investee Iroquois during the current reporting period and includes our 49.34 percent share of the Iroquois unrestricted cash distribution amounting to approximately $2.6 million for the three months ended March 31, 2018.

(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.

Table of Contents

(g) The Partnership's maintenance capital expenditures include 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 months ended March 31, 2018 did not trigger any incentive distribution (2017 — $2 million).

(i) During the three months ended March 31, 2018, 30 percent of GTN's total distributions amounted to $10 million (2017 - $10 million), therefore, no distributions were allocated to the Class B units as the 2018 threshold had not been exceeded. We expect the 2018 threshold will be exceeded at the end of the third quarter of 2018. Please read Notes 8 and 9 within Item 1. "Financial Statements" for additional disclosures on the Class B units.

Three months ended March 31, 2018 Compared to Same Period in 2017

Our EBITDA was higher for the first quarter of 2018 compared to the same period in 2017. The increase was due to the addition of our equity interest in Iroquois effective June 1, 2017 and an overall increase in our revenues during the period as discussed in more detail under the Results of Operations section.

Our distributable cash flow increased by $20 million in the first quarter of 2018 compared to the same period in 2017 due to the net effect of:

· addition of 49.34 percent share of Iroquois' first quarter 2018 distribution;
· higher distributions from Great Lakes due to the increase in revenue during the first quarter of 2018;
· lower maintenance capital expenditures compared to the first quarter of 2017 where there were major compression equipment overhauls on GTN;
· increased interest expense due to additional borrowings to finance the 2017 Acquisition; and
· reduction in declared distributions which did not result in any IDR allocation to our General Partner during the current period.

Contractual Obligations

The Partnership's Contractual Obligations

The Partnership's contractual obligations related to debt as of March 31, 2018 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 Three Months Ended March 31, 2018
TC PipeLines, LP						
Senior Credit Facility due 2021	165	—	—	165	—	2.85%
2013 Term Loan Facility due 2022	500	—	—	500	—	2.86%
2015 Term Loan Facility due 2020	170	—	170	—	—	2.75%
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	—	—	2.55%
PNGTS						
5.90% Senior Secured Notes due 2018	24	24	—	—	—	5.90%[a]
Tuscarora						
Unsecured Term Loan due 2020	25	1	24	—	—	2.73%
	2,389	45	329	1,015	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.

Table of Contents

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 March 31, 2018 was $2,408 million.

Please read Note 7 within Item 1. "Financial Statements" for additional information regarding the Partnership's debt.

Summary of Northern Border's Contractual Obligations

Northern Border's contractual obligations related to debt as of March 31, 2018 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 Three Months Ended March 31, 2018
$ 200 million Credit Agreement due 2020	15	—	15	—	—	2.80%
7.50% Senior Notes due 2021	250	—	—	250	—	7.50%[b]
	265	—	15	250	—	

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

As of March 31, 2018, $15 million was outstanding under Northern Border's $200 million revolving credit agreement, leaving $185 million available for future borrowings. At March 31, 2018, Northern Border was in compliance with all of its financial covenants.

Northern Border has commitments of $7 million as of March 31, 2018 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 March 31, 2018 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 Three Months Ended March 31, 2018
9.09% series Senior Notes due 2018 - 2021	40	10	20	10	—	9.09%[b]
6.95% series Senior Notes due 2019 - 2028	110	11	22	22	55	6.95%[b]
8.08% series Senior Notes due 2021 - 2030	100	—	10	20	70	8.08%[b]
	250	21	52	52	125	

[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 $135 million of Great Lakes' partners' capital was restricted as to distributions as of March 31, 2018 (December 31, 2017 — $139 million). Great Lakes was in compliance with all of its financial covenants at March 31, 2018.

Great Lakes has commitments of $3 million as of March 31, 2018 in connection with pipeline integrity program spending, major overhaul projects, and right of way renewals.

Table of Contents

Summary of Iroquois' Contractual Obligations

Iroquois' contractual obligations related to debt as of March 31, 2018 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 Three Months Ended March 31, 2018
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	39	4	9	7	19	6.10%[b]
	329	4	299	7	19	

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

Iroquois has commitments of $2 million as of March 31, 2018 relative to procurement of materials on its expansion project.

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% and, the debt service coverage ratio must be at least 1.25 times for the four preceding quarters. At March 31, 2018, the debt/capitalization ratio was 48.9% and the debt service coverage ratio was 5.96 times, therefore, Iroquois was not restricted from making any cash distributions.

RELATED PARTY TRANSACTIONS

Please read Note 12 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. 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.

Table of Contents

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 March 31, 2018, 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 $415 million, or 17 percent, of our outstanding debt was subject to variability in LIBOR interest rates (December 31, 2017- $435 million or 18 percent). As of March 31, 2018, 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) on these facilities by one percent (100 basis points), compared with rates in effect at March 31, 2018, our annual interest expense would increase (decrease) and net income would decrease (increase) by approximately $4 million.

As of March 31, 2018, $15 million, or 6 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 March 31, 2018, Northern Border's annual interest expense would increase (decrease) and its net income would decrease (increase) by approximately nil million.

GTN's Unsecured Senior Notes, Northern Border's and Iroquois' 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 Partnership's 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 March 31, 2018, the fair value of the interest rate swaps accounted for as cash flow hedges was an asset of $12 million (both on a gross and net basis). At December 31, 2017, the fair value of the interest rate swaps accounted for as cash flow hedges was an asset of $5 million (on both gross and net basis). The change in fair value of interest rate derivative instruments recognized in other comprehensive income was a gain of $7 million for the three months ended March 31, 2018 (2017 — gain of $1 million). For the three months ended March 31, 2018, the net realized gain related to the interest rate swaps was $1 million, and was included in financial charges and other (2017 - nil).

The Partnership's $500 million 2013 Term Loan is hedged using fixed interest rate swaps until July 1, 2018 at an average rate of 2.31 percent. From July 2, 2018 until its October 2, 2022 maturity, it will be hedged using forward starting swaps at an average rate of 3.26 percent.

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 March 31, 2018 (net asset of $5 million as of December 31, 2017).

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 March 31, 2018, our 61.71 percent proportionate share of net unamortized loss on PNGTS included in other comprehensive

Table of Contents

income was $1 million (December 31, 2017 - $1 million). For the three months ended March 31, 2018 and 2017, our 61.71 percent proportionate share of the amortization of realized loss on derivative instruments was nil.

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 March 31, 2018, we had not incurred any significant credit losses and had no significant amounts past due or impaired. At March 31, 2018 Anadarko Energy Services Company owed us approximately $4 million which 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 March 31, 2018, the Partnership had a Senior Credit Facility of $500 million maturing in 2021 and the outstanding balance on this facility was $165 million. In addition, Northern Border had a committed revolving bank line of $200 million maturing in 2020 with $15 million drawn at March 31, 2018. 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 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 March 31, 2018, 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.

Table of Contents

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, 2017.

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

A description of this legal proceeding can be found in Note 16 within Item 1, "Financial Statements" 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.

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, 2017.

We are exploring and evaluating potential mitigation strategies to the 2018 FERC Actions and other factors, including a possible reorganization that could result in us no longer being a master limited partnership.

Given the effects of a number of factors, including the 2017 Tax Act, the 2018 FERC Actions and TransCanada's statement that the Partnership is not seen as a viable funding lever, we are evaluating potential strategic alternatives for the Partnership, including whether remaining a master limited partnership is the appropriate structure for us.

No decision has been made with respect to any mitigation strategies and we cannot assure you that the exploration of mitigation strategies will result in the identification or consummation of any transaction that allows our unitholders to realize an increase in the value of their common units or provide any guidance on the timing of such action, if any. We also cannot assure you that any mitigation strategy, if identified, evaluated and consummated, will provide greater value to our unitholders than that reflected in the current price of our common units.

We do not intend to comment regarding the evaluation of strategic alternatives until such time as the board of directors of our general partner has determined the outcome of the process or otherwise has deemed that disclosure is appropriate. As a consequence, perceived uncertainties related to our future may result in the loss of potential business opportunities and volatility in the market price of our common units.

Our strategy of providing stable cash distributions on our common units by expanding our business may be significantly inhibited by the 2018 FERC Actions.

TransCanada has historically sold certain FERC-regulated assets to the Partnership, subject to TransCanada's funding needs and market conditions. TransCanada has stated following the 2018 FERC Actions that it does not anticipate further asset dropdowns to the Partnership as a viable funding lever at this time. Also, market response to the 2018 FERC Actions has increased the relative cost of equity that the Partnership would incur to partially fund acquisitions or expansions in the future. Further deterioration of financial conditions could also raise the borrowing costs of the Partnership.

If we cannot successfully finance and complete expansion projects or make and integrate acquisitions that are accretive and the earnings of our existing pipeline systems are materially and adversely impacted as a result of the 2018 FERC Actions, we will not be able to maintain historical levels of cash flow and distributions. For example, if we are unable to replace revenues from Bison once its contracts expire in January of 2021 or we are unable to replace cash flow that may be reduced through future rate proceedings, we could be required to take additional proactive measures, including further reductions in distributions per unit, to facilitate repayment of debt as may be needed to maintain compliance with financial covenants in addition to taking other significant strategic actions.

Table of Contents

Rates and other terms of service for our pipeline systems are subject to approval and potential adjustment by FERC, which could limit their ability to recover all costs of capital and operations and negatively impact their rate of return, results of operations and cash available for distribution.

Our pipeline systems are subject to extensive regulation over virtually all aspects of their business, including the types and terms of services they may offer to their customers, construction of new facilities, creation, modification or abandonment of services or facilities, and the rates that they can charge to shippers. Under the Natural Gas Act, their rates must be just, reasonable and not unduly discriminatory. Actions by FERC could adversely affect our pipeline systems' ability to recover all of their current or future costs and could negatively impact their rate of return, results of operations and cash available for distribution.

For example, the 2018 FERC Actions may be implemented in a manner that pipelines owned by MLPs such as the TC PipeLines, LP are prohibited from including an income tax allowance as a component of their cost of service based rates. See Recent Business Developments within Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Quarterly Report on Form 10-Q.

Due to the uncertainties surrounding the 2018 FERC Actions, clarification of the final rules and implementation of our regulatory strategy will take time. Moreover, we believe that future results of operations, cash flows and financial position of the Partnership could be materially negatively impacted once our pipelines' rates are ultimately adjusted following these decisions. Our assumptions around the potential outcomes of the 2018 FERC Actions could be incorrect such that cash available for distribution in the future would be lower than anticipated, which could necessitate further action beyond our immediate responses described under Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Quarterly Report on Form 10-Q.

Future events, such as the outcome of the 2018 FERC Actions, could negatively impact our estimates of fair value of our pipeline systems and equity investments, necessitating recognition of impairment.

We consider the carrying value of our assets, including goodwill and our equity method investments, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the investments that we account for under the equity method, the impairment test requires us to consider whether the fair value of the equity investment as a whole, not the underlying net assets, has declined and whether that decline is other than temporary.

Our assumptions related to the estimated fair value of our remaining carrying value of each of our pipeline systems could be negatively impacted by near and long-term conditions including:

- future regulatory rate action or settlement,
- valuation of assets in future transactions,
- changes in customer demand for pipeline capacity and services,
- changes in North American natural gas production in the major producing basins,
- changes in natural gas prices and natural gas storage market conditions, and
- changes in other long-term strategic objectives.

There is a risk that adverse changes in these key assumptions as a result of the 2018 FERC Actions or other circumstances could result in future impairment of the carrying value of our pipeline systems.

Following the 2018 FERC Actions, we are analyzing the resultant impacts to our estimates of the fair value of these assets. The development of fair value estimates requires significant judgment including estimates of future cash flows, which are dependent on internal forecasts, estimates of the long-term rate of growth, estimates of the useful life over which cash flows will occur, and determination of weighted average cost of capital. Following the 2018 FERC Actions, many of these elements will be revisited as the public comment period, final rulemaking, and individual rate proceedings clarify specific applications of the new policies and rules. At this time, we are unable to precisely calculate the impact on fair value, if any, due to uncertainties surrounding the 2018 FERC Actions.

Table of Contents

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.

2.3	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).
2.3.1	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 (Incorporated by reference from Exhibit 2.1.1 to TC PipeLines, LP's Form 10-Q filed August 3, 2017).
2.4	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).
2.5	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).
3.1.1	Amendment No. 1 to Third Amended and Restated Agreement of Limited Partnership of TC PipeLines, LP dated December 13, 2017 (incorporated by reference from Exhibit 3.1 to TC PipeLines, LP's Form 8-K filed December 15, 2017).
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	Indenture, dated as of June 17, 2011, between the Partnership and The Bank of New York Mellon, as trustee (Incorporated by reference to Exhibit 4.1 to TC PipeLines, LP's Form 8-K filed on June 17, 2011).
4.2	Supplemental Indenture, dated as of June 17, 2011 relating to the issuance of $350,000,000 aggregate principal amount of 4.65% Senior Notes due 2021 (Incorporated by reference to Exhibit 4.2 to TC PipeLines, LP's Form 8-K filed on June 17, 2011).
4.3	Specimen of 4.65% Senior Notes due 2021 (Incorporated by reference to Exhibit A to the Supplemental Indenture filed as Exhibit 4.2 to TC PipeLines, LP's Form 8-K filed on June 17, 2011).
4.4	Form of indenture for senior debt securities (Incorporated by reference to Exhibit 4.1 to TC PipeLines, LP's Form 8-K filed on June 14, 2011).
4.5	Second Supplemental Indenture, dated March 13, 2015, between TC PipeLines, LP and The Bank of New York Mellon (incorporated by reference from Exhibit 4.1 to TC PipeLines, LP's Form 8-K filed March 13, 2015).
4.6	Third Supplemental Indenture, dated as of May 25, 2017, relating to the issuance of $500,000,000 aggregate principal amount of 3.900% Senior Notes due 2027 (Incorporated by reference from Exhibit 4.2 to TC PipeLines, LP's Form 8-K filed May 25, 2017).
4.7	Portland Natural Gas Transmission System Senior Secured Note Purchase Agreement dated as of April 10, 2003 (Incorporated by reference from Exhibit 4.1 to TC PipeLines, LP's Form 10-Q filed August 3, 2017).
4.8	Iroquois Gas Transmission, L.P. Senior Note Purchase Agreement dated as of May 13, 2009 (Incorporated by reference from Exhibit 4.2 to TC PipeLines, LP's Form 10-Q filed August 3, 2017).
4.9	Iroquois Gas Transmission, L.P. Senior Note Purchase Agreement dated as of April 27, 2010(Incorporated by reference from Exhibit 4.3 to TC PipeLines, LP's Form 10-Q filed August 3, 2017).

Table of Contents

4.10	Indenture dated as of May 30, 2000, between Iroquois Gas Transmission System, L.P. and The Chase Manhattan Bank (Incorporated by reference from Exhibit 4.4 to TC PipeLines, LP's Form 10-Q filed August 3, 2017).
4.10.1	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) (Incorporated by reference from Exhibit 4.4.1 to TC PipeLines, LP's Form 10-Q filed August 3, 2017).
4.11	Credit Agreement dated as of June 26, 2008, between Iroquois Gas Transmission System, L.P. and JPMorgan Chase Bank, N.A. as administrative agent (Incorporated by reference from Exhibit 4.5 to TC PipeLines, LP's Form 10-Q filed August 3, 2017).
4.11.1	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 (Incorporated by reference from Exhibit 4.5.1 to TC PipeLines, LP's Form 10-Q filed August 3, 2017).
10.1*	Revolving Credit Agreement dated as of April 5, 2018, between Portland Natural Gas Transmission System and SunTrust Bank as administrative agent
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Executive 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 Service Agreement FT18759 between Great Lakes Gas Transmission Limited Partnership and ANR Pipeline Company, effective date April 01, 2018.
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.

Table of Contents

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 2nd day of May 2018.

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

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

By: /s/ William C. Morris
William C. Morris
Vice President and Treasurer
TC PipeLines GP, Inc. (Principal Financial Officer)

Exhibit 10.1

Execution Version

REVOLVING CREDIT AGREEMENT

dated as of April 5, 2018

among

PORTLAND NATURAL GAS TRANSMISSION SYSTEM,
as Borrower

THE LENDERS FROM TIME TO TIME PARTY HERETO,

SUNTRUST BANK,
as Administrative Agent

and

CITIBANK, N.A.,
HSBC BANK CANADA,
JPMORGAN CHASE BANK, N.A.,
and

MIZUHO BANK, LTD.,
as Co-Documentation Agents

SUNTRUST ROBINSON HUMPHREY, INC.

as Sole Lead Arranger and Sole Bookrunner

TABLE OF CONTENTS

REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT (this "Agreement") is made and entered into as of April 5, 2018, by and among PORTLAND NATURAL GAS TRANSMISSION SYSTEM, a Maine general partnership (the "Borrower"), the several banks and other financial institutions and lenders from time to time party hereto (the "Lenders"), SUNTRUST BANK, in its capacity as administrative agent for the Lenders (the "Administrative Agent"), as an Issuing Bank (as defined herein) and as a Swingline Lender (as defined herein) and CITIBANK, N.A., HSBC BANK CANADA, JPMORGAN CHASE BANK, N.A., and MIZUHO BANK, LTD., as Co-Documentation Agents.

W I T N E S S E T H:

WHEREAS, the Borrower has requested that the Lenders establish a $125,000,000 revolving credit facility in favor of the Borrower, including a letter of credit subfacility and a swingline subfacility;

WHEREAS, subject to the terms and conditions of this Agreement, the Lenders, the Issuing Bank and the Swingline Lender, to the extent of their respective Commitments as defined herein, are willing severally to establish the requested revolving credit facility, letter of credit subfacility and swingline subfacility in favor of the Borrower;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Borrower, the Lenders, the Administrative Agent, the Issuing Bank and the Swingline Lender agree as follows:

ARTICLE I

DEFINITIONS; CONSTRUCTION

Section 1.1. Definitions. In addition to the other terms defined herein, the following terms used herein shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

"Additional Commitment Amount" shall have the meaning set forth in Section 2.21(a).

"Additional Lender" shall have the meaning given to such term in Section 2.21.

"Adjusted LIBO Rate" shall mean, with respect to each Interest Period for a Eurodollar Loan, (a) the rate *per annum* equal to the London interbank offered rate for deposits in U.S. Dollars appearing on Reuters screen page LIBOR 01 (or on any successor or substitute page of such service or any successor to such service, or, if such service is not available, such other commercially available source providing such rate quotations comparable to those currently provided on such page, as determined by the Administrative Agent from time to time) at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period, with a maturity comparable to such Interest Period (provided that if such rate is less than zero, such rate shall be deemed to be zero), divided by (b) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including any marginal, emergency, supplemental, special or other reserves) applicable to any Lender that is a member bank of the Federal Reserve System in respect of Eurocurrency liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D); provided, that if the rate referred to in clause (a) above is not available at any such time for any reason, then the rate referred to in clause (a) for any such Interest Period

---

shall instead be the interest rate per annum, as reasonably determined by the Administrative Agent, to be the arithmetic average of the rates per annum at which deposits in U. S. Dollars in the approximate amount of such Eurodollar Loan would be offered by major banks in the London interbank market to the Administrative Agent at approximately 10:00 A.M. (Atlanta, Georgia time), two Business Days prior to the first day of such Interest Period, with a maturity comparable to such Interest Period (provided that if such rate is less than zero, such rate shall be deemed to be zero).

"Administrative Agent" shall have the meaning assigned to such term in the opening paragraph hereof.

"Administrative Questionnaire" shall mean, with respect to each Lender, an administrative questionnaire in the form prepared by the Administrative Agent and submitted to the Administrative Agent duly completed by such Lender.

"Affiliate" shall mean, as to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person. For the purposes of this definition, "Control" shall mean the power, directly or indirectly, either to direct or cause the direction of the management and policies of a Person, whether through the ability to exercise voting power, by control or otherwise. The terms "Controlled by" and "under common Control with" have the meanings correlative thereto.

"Aggregate Revolving Commitment Amount" shall mean the aggregate principal amount of the Aggregate Revolving Commitments from time to time. On the Closing Date, the Aggregate Revolving Commitment Amount equals $125,000,000.

"Aggregate Revolving Commitments" shall mean, collectively, all Revolving Commitments of all Lenders at any time outstanding.

"Anti-Corruption Laws" shall mean all laws, rules and regulations of any jurisdiction applicable to the Borrower and its Subsidiaries concerning or relating to bribery or corruption.

"Applicable Lending Office" shall mean, for each Lender and for each Type of Loan, the "Lending Office" of such Lender (or an Affiliate of such Lender) designated for such Type of Loan in the Administrative Questionnaire submitted by such Lender or such other office of such Lender (or an Affiliate of such Lender) as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office by which its Loans of such Type are to be made and maintained.

"Applicable Margin" shall mean, as of any date, with respect to all Revolving Loans outstanding on such date or the letter of credit fee, the percentage *per annum* determined by reference to the applicable Rating Category from time to time in effect as set forth on Schedule I (the "Pricing Grid"); provided that a change in the Applicable Margin resulting from a change in the Rating Category shall be effective on the day on which either rating agency changes its rating and shall continue until the day prior to the day that a further change becomes effective. Notwithstanding the foregoing, the Applicable Margin as of the Closing Date shall be at Level III as set forth in the Pricing Grid.

"Applicable Percentage" shall mean, as of any date, with respect to the commitment fee as of such date, the percentage *per annum* determined by reference to the applicable Rating Category as set forth on the Pricing Grid; provided that a change in the Applicable Percentage resulting from a change in the Rating Category shall be effective on the day on which either rating agency changes its rating and shall continue until the day prior to the day that a further change becomes effective. Notwithstanding the

foregoing, the Applicable Percentage for the commitment fee as of the Closing Date shall be at Level III as set forth in the Pricing Grid.

"Approved Fund" shall mean any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

"ASC" shall mean Accounting Standards Codification of the Financial Accounting Standards Board.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.4(b)) and accepted by the Administrative Agent, in the form of Exhibit A attached hereto or any other form approved by the Administrative Agent.

"Availability Period" shall mean the period from the Closing Date to but excluding the Revolving Commitment Termination Date.

"Bail-In Action" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Base Rate" shall mean the highest of (i) the rate which the Administrative Agent announces from time to time as its prime lending rate, as in effect from time to time, (ii) the Federal Funds Rate, as in effect from time to time, plus one-half of one percent (0.50%) *per annum* and (iii) the Adjusted LIBO Rate determined on a daily basis for an Interest Period of one (1) month, plus one percent (1.00%) *per annum* (any changes in such rates to be effective as of the date of any change in such rate). The Administrative Agent's prime lending rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Administrative Agent may make commercial loans or other loans at rates of interest at, above, or below the Administrative Agent's prime lending rate.

"Benefit Plan" shall mean any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Code or (c) any person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"Borrower" shall have the meaning assigned to such term in the opening paragraph hereof.

"Borrower Partnership Agreement" shall mean that certain Portland Natural Gas Transmission System Amended and Restated Partnership Agreement, dated as of March 1, 1996, among Natural Gas Development Corporation, Tenneco Portland Corporation, Gaz Metro Portland Corporation, JMP Portland (Investors), Inc., and East Coast Pipeline Company, as amended by that certain First Amendment to Amended and Restated Partnership Agreement, dated as of May 23, 1996, that certain Assignment and Assumption of Partnership Interest and Amendment No. 2 of the PNGTS Partnership Agreement, dated as of October 23, 1996, that certain Third Amendment to Amended and Restated Partnership Agreement, dated March 17, 1998, that certain Fourth Amendment to Amended and Restated

Partnership Agreement, dated March 31, 1998, that certain 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, dated .June 3, 1998, that certain Assignment and Assumption of Partnership Interest and Amendment Number 6 of the PNGTS Partnership Agreement, dated June 4, 1999, that certain Assignment and Assumption of Partnership Interest and Amendment Number 7 of the PNGTS Partnership Agreement, dated June 28, 2001, that certain Eighth Amendment to Amended and Restated Partnership Agreement, dated as of September 29, 2003, that certain Ninth Amendment to Amended and Restated Partnership Agreement, dated as of December 3, 2003, that certain Tenth Amendment to Amended and Restated Partnership Agreement, dated as of February 11, 2005, that certain Eleventh Amendment to Amended and Restated Partnership Agreement, dated as of March 17, 2008, that certain Twelfth Amendment to Amended and Restated Partnership Agreement, dated as of January 1, 2016, and that certain Thirteenth Amendment to Amended and Restated Partnership Agreement, dated as of June 1, 2017, and as may be further amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof and thereof.

"Borrowing" shall mean a borrowing consisting of (i) Loans of the same Class and Type, made, converted or continued on the same date and in the case of Eurodollar Loans, as to which a single Interest Period is in effect, or (ii) a Swingline Loan.

"Business Day" shall mean (i) any day other than a Saturday, Sunday or other day on which commercial banks in Atlanta, Georgia and New York, New York are authorized or required by law to close and (ii) if such day relates to a Borrowing of, a payment or prepayment of principal or interest on, a conversion of or into, or an Interest Period for, a Eurodollar Loan or a notice with respect to any of the foregoing, any day on which dealings in Dollars are carried on in the London interbank market.

"Capital Lease Obligations" of any Person shall mean all obligations of such Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) of real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Capital Stock" shall mean any non-redeemable capital stock (or in the case of a partnership or limited liability company, the partners' or members' equivalent equity interest) of the Borrower or any of its Subsidiaries (to the extent issued to a Person other than the Borrower), whether common or preferred.

"Cash Collateralize" shall mean, in respect of any obligations, to provide and pledge (as a first priority perfected security interest) cash collateral for such obligations in Dollars with the Administrative Agent pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent (and "Cash Collateralized" and "Cash Collateralization" have the corresponding meanings).

"Change in Control" shall mean (a) (x) the failure of TransCanada Corporation, directly or indirectly through one or more of its Subsidiaries, or any other Person that directly, or indirectly through one or more intermediaries, is Controlled by TransCanada Corporation, to act as the operator of the PNGTS North System or (y) the failure of the Borrower, Maritimes or a Maritimes Successor to directly or indirectly through one or more of its respective Subsidiaries, to act as the operator of the Joint Facilities, (b) the failure of TC Pipelines, LP (or a successor entity thereto pursuant to a conversion thereof into a corporation or limited liability company), directly or indirectly through one or more of its Subsidiaries, to own at least 51% of the partnership interests of the Borrower, in the aggregate, (c) the failure of the Borrower, directly or indirectly through one or more of its Subsidiaries, to own at least 31.64% (as such percentage may be

adjusted from time to time pursuant to Section 11.4 of the Joint Facilities Ownership as in effect on the Closing Date) of the Joint Facilities or (d) the failure of the Borrower, directly or indirectly through one or more of its Subsidiaries, to own at least 100% of the PNGTS North System.

"Change in Law" shall mean (i) the adoption of any applicable law, rule or regulation after the date of this Agreement, (ii) any change in any applicable law, rule or regulation, or any change in the interpretation, implementation or application thereof, by any Governmental Authority after the date of this Agreement, or (iii) compliance by any Lender (or its Applicable Lending Office) or the Issuing Bank (or, for purposes of Section 2.16(b), by the Parent Company of such Lender or the Issuing Bank, if applicable) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided, that for purposes of this Agreement, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Swingline Loans and when used in reference to any Commitment, refers to whether such Commitment is a Revolving Commitment or a Swingline Commitment.

"Closing Date" shall mean the date on which the conditions precedent set forth in Section 3.1 and Section 3.2 have been satisfied or waived in accordance with Section 10.2.

"Code" shall mean the Internal Revenue Code of 1986, as amended and in effect from time to time.

"Co-Documentation Agents" shall mean, collectively, Citibank, N.A., HSBC Bank Canada, JPMorgan Chase Bank, N.A. and Mizuho Bank, Ltd., as Co-Documentation Agents.

"Commercial Operation Date" shall mean the date on which a Material Project is substantially complete and commercially operable.

"Commitment" shall mean a Revolving Commitment or a Swingline Commitment or any combination thereof (as the context shall permit or require).

"Compliance Certificate" shall mean a certificate from Responsible Officer in the form of, and containing the certifications set forth in, the certificate attached hereto as Exhibit 5.1(c).

"Consolidated EBITDA" shall mean, for the Borrower and its Subsidiaries for any period, an amount equal to the sum of (i) Consolidated Net Income for such period *plus* (ii) to the extent deducted in determining Consolidated Net Income for such period, (A) Consolidated Interest Expense, (B) income tax expense determined on a consolidated basis in accordance with GAAP, (C) depreciation and amortization determined on a consolidated basis in accordance with GAAP, and (D) all other non-cash charges, determined in each case on a consolidated basis in accordance with GAAP for such period.

"Consolidated Interest Expense" shall mean, for the Borrower and its Subsidiaries for any period determined on a consolidated basis in accordance with GAAP, the sum of (i) total interest expense, including without limitation the interest component of any payments in respect of Capital Lease Obligations capitalized or expensed during such period (whether or not actually paid during such period) *plus* (ii) the

net amount payable (or *minus* the net amount receivable) under any Hedging Transaction (relating to interest rates only) during such period (whether or not actually paid or received during such period).

"Consolidated Net Income" shall mean, for the Borrower and its Subsidiaries for any period, the net income (or loss) of the Borrower and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, including without limitation any income (or loss) of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with the Borrower or any of its Subsidiaries on the date that such Person's assets are acquired by the Borrower or any of its Subsidiaries, but excluding therefrom (to the extent otherwise included therein) (i) any extraordinary gains or losses, (ii) any gains attributable to write-ups of assets, and (iii) any equity interest of the Borrower or any Subsidiary of the Borrower in the unremitted earnings of any Person that is not a Subsidiary.

"Consolidated Net Tangible Assets" means, at any date of determination, the total amount of assets after deducting therefrom (a) all current liabilities (excluding (i) any current liabilities renewable or extendable at the option of the obligor to a time more than 12 months after the time as of which the amount thereof is being computed, and (ii) current maturities of long-term debt), and (b) the value (net of any applicable reserves) of all goodwill, trade

names, trademarks, patents, unamortized debt discount and expense and other like intangibles, all as set forth on the consolidated balance sheet of the Borrower and its consolidated Subsidiaries for the Borrower's most recently completed Fiscal Quarter, prepared in accordance with GAAP.

"Consolidated Total Debt" shall mean, as of any date, all Indebtedness of the Borrower and its Subsidiaries measured on a consolidated basis as of such date, but excluding Indebtedness of the type described in subsection (xi) of the definition thereto.

"Contractual Obligation" of any Person shall mean any provision of any security issued by such Person or of any agreement, instrument or undertaking under which such Person is obligated or by which it or any of the property in which it has an interest is bound.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" shall mean any condition or event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Default Interest" shall have the meaning set forth in Section 2.11(c).

"Defaulting Lender" shall mean, at any time, subject to Section 2.25(b), (i) any Lender that has failed for two (2) or more Business Days to comply with its obligations under this Agreement to make a Loan, to make a payment to the Issuing Bank in respect of a Letter of Credit or to the Swingline Lender in respect of a Swingline Loan or to make any other payment due hereunder (each a "funding obligation"), unless such Lender has notified the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding has not been satisfied (which conditions precedent, together with any applicable Default or Event of Default, will be specifically identified in such writing), (ii) any Lender that has notified the Administrative Agent in writing, or has stated publicly, that it does not intend to comply with any such funding obligation hereunder, unless such writing or public statement states that such position is based on such Lender's determination that one or more conditions precedent to funding cannot be satisfied (which conditions precedent, together with any applicable Default or Event of Default, will be specifically identified in such writing or public statement),

(iii) any Lender that has defaulted on its obligation to fund generally under any other loan agreement, credit agreement or other financing agreement, (iv) any Lender that has, for three (3) or more Business Days after written request of the Administrative Agent or the Borrower, failed to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender will cease to be a Defaulting Lender pursuant to this clause (iv) upon the Administrative Agent's and the Borrower's receipt of such written confirmation), or (v) has, or has a direct or indirect parent company that has, (A) become the subject of a proceeding under any Debtor Relief Law, (B) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (C) become the subject of a Bail-in Action; provided that a Lender shall not be a Defaulting Lender pursuant to this clause (v) solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender will be conclusive and binding, absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.25(b)) upon notification of such determination by the Administrative Agent to the Borrower, the Issuing Bank, the Swingline Lender and the Lenders.

"Designated Project Agreements" means all Project Agreements, except the Borrower Partnership Agreement.

"Designated Threshold" means, at any time, 5% of Consolidated Net Tangible Assets.

"Dollar(s)" and the sign "$" shall mean lawful money of the United States of America.

"EEA Financial Institution" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" shall mean any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Environmental Laws" shall mean all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters.

"Environmental Liability" shall mean any liability, contingent or otherwise (including any liability for damages, costs of environmental investigation and remediation, costs of administrative

oversight, fines, natural resource damages, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (i) any actual or alleged violation of any Environmental Law, (ii) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous

Materials, (iii) any actual or alleged exposure to any Hazardous Materials, (iv) the Release or threatened Release of any Hazardous Materials or (v) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated), which, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for the purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" shall mean (i) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (ii) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (iii) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (iv) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (v) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator appointed by the PBGC of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (vi) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (vii) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"EU Bail-In Legislation Schedule": shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Eurodollar" when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" shall have the meaning provided in Article VIII.

"Excluded Taxes" shall mean with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes in each case imposed on (or measured by) its net income by (i) the United States of America, any state or local taxing authority in the United States of America, (ii) the jurisdiction under the laws of which such recipient is organized or in which its principal office is located, (iii) in the case of any Lender, the jurisdiction in which its Applicable Lending Office is located or (iv) any jurisdiction as a result of a present or former connection between such Lender, Administrative Agent or other recipient and such jurisdiction (other than a connection arising from such Lender, Administrative Agent or other recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to, or enforced, any Loan Document, or sold or assigned an interest in any Loan or Loan

Document), (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which any Lender is located, (c) in the case of a Foreign Lender, any withholding tax that (i) is imposed on amounts payable to such Foreign Lender under the law applicable at the time such Foreign Lender becomes a party to this Agreement, (ii) is imposed on amounts payable to such Foreign Lender under the law applicable at any time that such Foreign Lender designates a new lending office, other than taxes that have accrued prior to the designation of such lending office that are otherwise not Excluded Taxes, or (iii) is attributable to such Foreign Lender's failure to comply with Section 2.18(e), (d) any backup withholding tax imposed under Section 3406 of the Code and (e) any Taxes imposed on any "withholdable payment" to such Lender, Administrative Agent or other recipient as a result of the failure of such person to satisfy the applicable requirements set forth in FATCA.

"FATCA" shall mean Sections 1471 through 1474 of the Code, as in effect on the date hereof (and any amended, successor or comparable provision that is not materially more onerous to comply with) and any present or future regulations issued thereunder or interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Federal Funds Rate" shall mean, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the next succeeding Business Day or, if such rate is not so published for any Business Day, the Federal Funds Rate for such day shall be the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent (provided that if such rate is less than zero, such rate shall be deemed to be zero).

"Fee Letter" shall mean that certain fee letter, dated as of December 22, 2017, executed by SunTrust Robinson Humphrey, Inc. and SunTrust Bank and accepted by Borrower.

"FERC" shall mean the Federal Energy Regulatory Commission and any successor agency or commission.

"Fiscal Quarter" shall mean any fiscal quarter of the Borrower.

"Fiscal Year" shall mean any fiscal year of the Borrower.

"Fitch" shall mean Fitch Ratings Inc.

"Foreign Lender" shall mean any Lender that is not a United States person under Section 7701(a)(30) of the Code.

"GAAP" shall mean generally accepted accounting principles in the United States applied on a consistent basis and subject to the terms of Section 1.3.

"Good Pipeline Practices" shall mean, with respect to the Pipeline, taking reasonable steps to design, procure, construct, install, own, operate, repair, maintain, and when appropriate, replace and remove, in each case, in accordance with (i) prudent, sound, and generally accepted interstate pipeline practices and (ii) all applicable laws, rules, regulations, orders, permits, and authorizations of Governmental Authorities.

"Governmental Approval" shall mean 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 or (b) the ownership, development, construction, completion, expansion, operation or maintenance of the Pipeline.

"Governmental Authority" shall mean the government of the United States of America, any other nation or any political subdivision thereof (including the FERC), whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or 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.

"Guarantee" of or by any Person (the "guarantor") shall mean any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly and including any obligation, direct or indirect, of the guarantor (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) as an account party in respect of any letter of credit or letter of guaranty issued in support of such Indebtedness or obligation; provided, that the term "Guarantee" shall not include endorsements for collection or deposits in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which Guarantee is made or, if not so stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith. The term "Guarantee" used as a verb has a corresponding meaning.

"Hazardous Materials" shall mean all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or any fraction or by-product thereof, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedging Obligations" of any Person shall mean any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired under (i) any and all Hedging Transactions, (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Hedging Transactions and (iii) any and all renewals, extensions and modifications of any Hedging Transactions and any and all substitutions for any Hedging Transactions.

"Hedging Transaction" of any Person shall mean any transaction (including an agreement with respect thereto) now existing or hereafter entered into by such Person that is a rate swap, basis swap, forward rate transaction, commodity swap, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collateral transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

"Indebtedness" of any Person shall mean, without duplication (i) all obligations 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 the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business on terms customary in the trade), (iv) all obligations of such Person under any conditional sale or other title retention agreement(s) relating to property acquired by such Person, (v) all Capital Lease Obligations of such Person, (vi) all obligations, contingent or otherwise, of such Person in respect of letters of credit, acceptances or similar extensions of credit, (vii) all Guarantees of such Person of the type of Indebtedness described in clauses (i) through (vi) above, (viii) all Indebtedness of a third party secured by any Lien granted by such Person on property owned by such Person, whether or not such Indebtedness has been assumed by such Person, (ix) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any common stock of such Person, (x) Off-Balance Sheet Liabilities and (xi) all Hedging Obligations; provided, however, that Indebtedness attributable to the Borrower or a Subsidiary under the PXP Precedent Agreement shall include only those liabilities under the PXP Precedent Agreement that would be required under the loss contingency recognition principles in ASC 450 to be reflected on the consolidated balance sheet of the Borrower on the date of determination. The Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer, except to the extent that the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" shall mean Taxes, other than Excluded Taxes.

"Interest Period" shall mean with respect to (i) any Swingline Borrowing, such period as the Swingline Lender and the Borrower shall mutually agree and (ii) any Eurodollar Borrowing, a period of (x) one week or two weeks (in each case, if all of the Lenders can accommodate such interest period), (y) one, two, three or six months or (z) subject to clause (iii) of this definition, nine or twelve months (in each case, if each Lender agrees to accommodate such interest period); provided, that:

(i) the initial Interest Period for such Borrowing shall commence on the date of such Borrowing (including the date of any conversion from a Borrowing of another Type), and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(ii) if any Interest Period would otherwise end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless such Business Day falls in another calendar month, in which case such Interest Period would end on the next preceding Business Day;

(iii) the Borrower shall not be entitled to select an Interest Period having a duration of nine or twelve months unless, by 2:00 P.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, each Lender notifies the Administrative Agent that such Lender will be providing funding for such Borrowing with such Interest Period (the failure of any Lender to so respond by such time being deemed for all purposes of this Agreement as an objection by such Lender to the requested duration of such Interest Period); provided that, if any or all of the Lenders object to the requested duration of such Interest Period, the duration of the Interest Period for such Borrowing shall be one, two, three or six months, as specified by the Borrower requesting such Borrowing in the applicable Notice of Borrowing as the desired alternative to an Interest Period of nine or twelve months;

(iv) any Interest Period of one month or more which begins on the last Business 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 Business Day of such calendar month; and

(v) no Interest Period may extend beyond the Revolving Commitment Termination Date.

"Issuing Bank" shall mean SunTrust Bank and any other Lender approved by the Administrative Agent, such Lender and the Borrower, each in its capacity as an issuer of Letters of Credit pursuant to Section 2.20.

"Joint Facilities" shall mean the approximately 101 miles of 30-inch outside diameter natural gas pipeline extending from interconnections with Borrower's and Maritimes' respective wholly-owned mainline facilities in Westbrook, Maine, to an interconnection with facilities of Tennessee Gas Pipeline Company, L.L.C. in Dracut, Massachusetts, as well as the lateral line facilities and certain meter and regulation stations and appurtenant facilities related to the foregoing, as all such facilities may be hereafter expanded and extended.

"Joint Facilities Operating Agreement" shall mean that certain Operating Agreement, dated as of October 8, 1997, by and among Maritimes, Borrower and M&N Operating Company, as amended by that certain Agreement Amending Definitive Agreements Regarding Spread 3, dated as of August 27, 1998, and as amended February 5, 2003, and as may be further amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof and thereof.

"Joint Facilities Ownership Agreement" shall mean that certain Ownership Agreement, dated as of October 8, 1997, between the Borrower and Maritimes, as amended by that certain Agreement Amending Definitive Agreements Regarding Spread 3, dated as of August 27, 1998, that certain Owner Invoice Procedures Agreement under the Ownership Agreement, dated as of July 23, 1999, and that certain Amendment to Ownership Agreement, dated January 15, 2009 (pursuant to a certain letter agreement, dated February 20, 2009, from Maritimes, and accepted and agreed to by the Borrower on March 16, 2009), and as may be further amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof and thereof.

"Joint Facilities Settlement Agreements" shall mean (a) that certain Final Agreement for Resolution of Joint Facilities Imbalances, accepted and agreed to by the Borrower on March 14, 2006, among the Borrower, Maritimes and M&N Operating Company and (b) that certain Settlement Agreement, dated November , 2006, between the Borrower and Maritimes, and, in each case, as may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof and thereof.

"LC Commitment" shall mean that portion of the Aggregate Revolving Commitment Amount that may be used by the Borrower for the issuance of Letters of Credit in an aggregate face amount not to exceed $10,000,000.

"LC Disbursement" shall mean a payment made by the Issuing Bank pursuant to a Letter of Credit.

"LC Documents" shall mean the Letters of Credit and all applications, agreements and instruments relating to the Letters of Credit.

"LC Exposure" shall mean, at any time, the sum of (i) the aggregate undrawn amount of all outstanding Letters of Credit at such time, *plus* (ii) the aggregate amount of all LC Disbursements that

have not been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender shall be its Pro Rata Share of the total LC Exposure at such time (as may be adjusted from time to time pursuant to Section 2.25(a)).

"Lenders" shall have the meaning assigned to such term in the opening paragraph of this Agreement and shall include, where appropriate, the Swingline Lender and each Additional Lender that joins this Agreement pursuant to Section 2.21.

"Letter of Credit" shall mean any stand-by letter of credit issued pursuant to Section 2.20 by the Issuing Bank for the account of the Borrower pursuant to the LC Commitment.

"Leverage Ratio" shall mean, as of any date, the ratio of (i) Consolidated Total Debt as of such date to (ii) Consolidated EBITDA for the four consecutive Fiscal Quarters ending on or immediately prior to such date.

"Lien" shall mean (i) any mortgage, deed of trust, deed to secure debt, pledge, security interest, lien (statutory or otherwise), charge, easement or encumbrance, hypothecation, assignment, deposit arrangement, or other arrangement having the practical effect of the foregoing, or (ii) any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having the same economic effect as any of the foregoing).

"Loan Documents" shall mean, collectively, this Agreement, the LC Documents, the Fee Letter, all Notices of Borrowing, all Notices of Continuation/Conversion, all Compliance Certificates, any promissory notes issued hereunder and any and all other instruments, agreements, documents and writings executed in connection with any of the foregoing.

"Loans" shall mean all Revolving Loans and Swingline Loans in the aggregate or any of them, as the context shall require.

"M&N Operating Company" shall mean M&N Operating Company, LLC, a Delaware limited liability company.

"Maritimes" shall mean Maritimes & Northeast Pipeline, L.L.C., a Delaware limited liability company.

"Maritimes Successor" shall mean any Person that becomes a "Party" to the Joint Facilities Ownership Agreement pursuant to, and strictly in accordance with, Section 9.1.1 or 9.1.3 of the Joint Facilities Operating Agreement (as in effect on the Closing Date).

"Material Additional Contract" shall mean any (a) Service Agreement entered into after the Closing Date and including any guarantees delivered or to be delivered thereunder, (b) contract or undertaking into which the Borrower or any of its Subsidiaries enters after the Closing Date which obligates the Borrower or such Subsidiary to make expenditures in excess of $5,000,000 per annum or (c) replacement of any Project Agreement, which Project Agreement was entered into on or prior to the Closing Date .

"Material Adverse Effect" shall mean, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, a material

adverse change in, or a material adverse effect on, (i) the business, results of operations, financial condition, assets, or liabilities of the Borrower or of the Borrower and its Subsidiaries, taken as a whole, (ii) the ability of the Borrower to perform any of its obligations under the Loan Documents, (iii) the rights and remedies of the Administrative Agent, the Issuing Bank, Swingline Lender, and the Lenders under any of the Loan Documents evidencing, governing or securing the Obligations or (iv) the legality, validity or enforceability of any of (x) the Loan Documents evidencing, governing or securing the Obligations or (y) any Project Agreement.

"Material Project" shall mean the construction or expansion of any capital project of the Borrower or any of its Subsidiaries, the aggregate capital cost of which exceeds $25,000,000.

"Material Project EBITDA Adjustment" shall mean, with respect to each Material Project:

(A) prior to the Commercial Operation Date of a Material Project (but including the fiscal quarter in which such Commercial Operation Date occurs), a percentage (based on the then-current completion percentage of such Material Project) of an amount to be approved by the Administrative Agent as the projected Consolidated EBITDA of Borrower and its Subsidiaries attributable to such Material Project for the first 12-month period following the scheduled Commercial Operation Date of such Material Project (such amount to be determined based on customer contracts or tariff-based customers relating to such Material Project, the creditworthiness of the other parties to such contracts or such tariff-based customers, and projected revenues from such contracts, tariffs, capital costs and expenses, scheduled Commercial Operation Date, oil and gas reserve and production estimates, commodity price assumptions and other factors deemed appropriate by the Administrative Agent), which may, at the Borrower's option, be added to actual Consolidated EBITDA for the Borrower and its Subsidiaries for the fiscal quarter in which construction of such Material Project commences and for each fiscal quarter thereafter until the Commercial Operation Date of such Material Project (including the fiscal quarter in which such Commercial Operation Date occurs, but net of any actual Consolidated EBITDA of the Borrower and its Subsidiaries attributable to such Material Project following such Commercial Operation Date); provided that if the actual Commercial Operation Date does not occur by the scheduled Commercial Operation Date, then the foregoing amount shall be reduced, for quarters ending after the scheduled Commercial Operation Date to (but excluding) the first full quarter after its Commercial Operation Date, by the following percentage amounts depending on the period of delay (based on the period of actual delay or then-estimated delay, whichever is longer): (i) 90 days or less, 0%, (ii) longer than 90 days, but not more than 180 days, 25%, (iii) longer than 180 days but not more than 270 days, 50%, and (iv) longer than 270 days, 100%; and

(B) beginning with the first full fiscal quarter following the Commercial Operation Date of a Material Project and for the two immediately succeeding fiscal quarters, an amount to be approved by the Administrative Agent as the projected Consolidated EBITDA of Borrower and its Subsidiaries attributable to such Material Project (determined in the same manner as set forth in clause (A) above) for the balance of the four full fiscal quarter period following such Commercial Operation Date, which may, at the Borrower's option, be added to actual Consolidated EBITDA for the Borrower and its Subsidiaries for such fiscal quarters.

Notwithstanding the foregoing:

(i) no such additions shall be allowed with respect to any Material Project unless:

(a) not later than 45 days prior to the date on which the Borrower requests to receive a Material Project EBITDA Adjustment, the Borrower shall have delivered to the Administrative Agent written pro forma projections of Consolidated EBITDA of the Borrower and its Subsidiaries attributable to such Material Project, and

(b) prior to the date such certificate is required to be delivered, the Administrative Agent shall have approved (such approval not to be unreasonably withheld) such projections and shall have received such other information and documentation as the Administrative Agent may reasonably request, all in form and substance satisfactory to the Administrative Agent, and

(ii) the aggregate amount of all Material Project EBITDA Adjustments during any period shall be limited to 20% of the total actual Consolidated EBITDA of the Borrower and its Subsidiaries for such period (which total actual Consolidated EBITDA shall be determined without including any Material Project EBITDA Adjustments).

"Moody's" shall mean Moody's Investors Service, Inc.

"Multiemployer Plan" shall have the meaning set forth in Section 4001(a)(3) of ERISA.

"Non-Defaulting Lender" shall mean, at any time, a Lender that is not a Defaulting Lender.

"Non-Public Information" shall mean any material non-public information (within the meaning of United States federal and state securities laws) with respect to the Borrower, its Affiliates or any of their securities or loans.

"Notices of Borrowing" shall mean, collectively, the Notices of Revolving Borrowing and the Notices of Swingline Borrowing.

"Notice of Continuation/Conversion" shall mean the notice given by the Borrower to the Administrative Agent in respect of the conversion or continuation of an outstanding Borrowing as provided in Section 2.6(b).

"Notice of Revolving Borrowing" shall have the meaning as set forth in Section 2.3.

"Notice of Swingline Borrowing" shall have the meaning as set forth in Section 2.4.

"Obligations" shall mean all amounts owing by the Borrower to the Administrative Agent, the Issuing Bank or any Lender (including the Swingline Lender) pursuant to or in connection with this Agreement or any other Loan Document, including without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), all reimbursement obligations, fees, expenses, indemnification and reimbursement payments, costs and expenses (including all reasonable fees and expenses of counsel to the Administrative Agent, the Issuing Bank and any Lender (including the Swingline Lender) (to the extent payable by the Borrower pursuant to Section 10.3) incurred pursuant to this Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, and all obligations and liabilities incurred in connection with collecting and enforcing the foregoing, together with all renewals, extensions, modifications or refinancings thereof.

"OFAC" shall mean the U.S. Department of the Treasury's Office of Foreign Assets Control.

"Off-Balance Sheet Liabilities" of any Person shall mean (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability

of such Person under any sale and leaseback transactions that do not create a liability on the balance sheet of such Person, (iii) any Synthetic Lease Obligation or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of such Person.

"Optional Prepayment Notice" shall have the meaning set forth in Section 2.10.

"OSHA" shall mean the Occupational Safety and Health Act of 1970, as amended from time to time, and any successor statute.

"Other Taxes" shall mean any and all present or future stamp, court, documentary, intangible, recording, filing or similar Taxes that arise from any payment made hereunder or under any other Loan Document or from the execution, delivery, performance or enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement or any other Loan Document; provided, however that Other Taxes shall not include any such taxes imposed with respect to an assignment (other than assignment made pursuant to Section 2.22 or Section 2.23) to the extent such taxes are imposed as a result of a present or former connection between a Lender, the Administrative Agent or any other recipient of a payment by or on account of any obligation of the Borrower made hereunder, and any jurisdiction (other than a connection arising from such Lender, Administrative Agent or other recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to, or enforced, any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Parent Company" shall mean, with respect to a Lender, the "bank holding company" (as defined in Regulation Y), if any, of such Lender, and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the shares of such Lender.

"Participant" shall have the meaning set forth in Section 10.4(d).

"Partner" shall mean any one of Northern New England Investment Company, Inc. and TC PipeLines Intermediate Limited Partnership, or any Person substitute for either of them as a partner which becomes a partner, in each case, pursuant to Section 9 of the Borrower Partnership Agreement.

"Partners' Capital" shall mean, at any time, the amount reflected as "Partners' Capital" on a consolidated balance sheet of the Borrower and its Subsidiaries at such time, prepared in accordance with GAAP.

"Patriot Act" shall have the meaning set forth in Section 10.14.

"Payment Office" shall mean the office of the Administrative Agent located at 303 Peachtree St., NE, Atlanta, GA 30308, or such other location as to which the Administrative Agent shall have given written notice to the Borrower and the other Lenders.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA, and any successor entity performing similar functions.

"Permitted Encumbrances" shall mean:

(i) Liens imposed by law for taxes, assessments or other governmental charges or levies not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(ii) statutory Liens of landlords, carriers, operators, warehousemen, mechanics, and materialmen, statutory Liens of producers of hydrocarbons, and similar Liens arising by operation of law, in each case incurred in the ordinary course of business for amounts not yet delinquent or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(iii) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, other social security laws or regulations or other forms of governmental insurance or benefits;

(iv) deposits to secure the performance of tenders, bids, contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case entered into in the ordinary course of business or to secure obligations on surety or appeal bonds;

(v) judgment and attachment liens not giving rise to an Event of Default or Liens created by or existing from any litigation or legal proceeding that are currently being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(vi) customary rights of set-off, revocation, refund or chargeback under deposit agreements or under the Uniform Commercial Code or common law of banks or other financial institutions where the Borrower or any of its Subsidiaries maintains deposits (other than deposits intended as cash collateral) in the ordinary course of business;

(vii) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of the Borrower and its Subsidiaries taken as a whole; and

(viii) Liens securing obligations of others, neither assumed nor guaranteed by the Borrower nor on which it customarily pays interest, existing upon real estate or rights in or relating to real estate acquired by such Person for substation, metering station, compression station, gathering line, transmission line, transportation line, distribution line or right of way purposes, and any Liens reserved in leases for rent and for compliance with the terms of the leases in the case of leasehold estates, to the extent that any such Lien referred to in this clause (viii) does not materially impair the use of the property.

provided, that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Investments" shall mean:

(i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States), in each case maturing within one year from the date of acquisition thereof;

(ii) commercial paper having the highest rating, at the time of acquisition thereof, of S&P or Moody's and in either case maturing within six months from the date of acquisition thereof;

(iii) certificates of deposit, bankers' acceptances and time deposits maturing within 180 days of the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States or any state thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000;

(iv) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (i) above and entered into with a financial institution satisfying the criteria described in clause (iii) above; and

(v) mutual funds investing solely in any one or more of the Permitted Investments described in clauses (i) through (iv) above.

"Person" shall mean any individual, partnership, firm, corporation, association, joint venture, limited liability company, trust or other entity, or any Governmental Authority.

"Pipeline" shall mean the PNGTS North System and the Joint Facilities.

"Plan" shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Platform" shall have the meaning set forth in Section 10.1(c).

"PNGTS Operating Co." shall mean PNGTS Operating Co., LLC, a Massachusetts limited liability company.

"PNGTS Operating Co. LLC Agreement" shall mean that certain Operating (By-Laws) Agreement of PNGTS Operating Co., LLC, executed by the Borrower, as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof and thereof.

"PNGTS North System" shall mean the Borrower's pipeline system and related facilities, extending from its point of connection with the Trans Québec & Maritimes Pipeline, Inc. gas transmission system at the border of Canada and the United States near East Hereford, Québec and Pittsburg, New Hampshire to the point at which it connects with the Joint Facilities at Westbrook, Maine, as the system may hereafter be expanded and extended.

"PNGTS North System Operating Agreement" shall mean the Portland Natural Gas Transmission System Operating (Management) Agreement, dated as of October 2, 1996, by and between the Borrower and PNGTS Operating Co. as amended by that certain amendment dated as of September 7, 2000, and as may be further amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof and thereof.

"Pricing Grid" shall have the meaning set forth in the definition of "Applicable Margin".

"Project Agreements" shall mean, collectively, at any date, the Borrower Partnership Agreement, the Service Agreements, the TQ&M Interconnection Agreements, the Tennessee Gas Pipeline Company Interconnection Agreements, the Joint Facilities Operating Agreement, the Joint Facilities Ownership Agreement, the Joint Facilities Settlement Agreements, the PNGTS North System Operating Agreement, the PNGTS Operating Co. LLC 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.

"Pro Rata Share" shall mean with respect to any Commitment of any Lender at any time, a percentage, the numerator of which shall be such Lender's Commitment (or if such Commitments have been terminated or expired or the Loans have been declared to be due and payable, such Lender's Revolving Credit Exposure), and the denominator of which shall be the sum of such Commitments of all Lenders (or if such Commitments have been terminated or expired or the Loans have been declared to be due and payable, all Revolving Credit Exposure of all Lenders).

"PTE" shall mean a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Public Lender" shall mean any Lender who does not wish to receive Non-Public Information and who may be engaged in investment and other market related activities with respect to the Borrower, its Affiliates or any of their securities or loans.

"PXP Precedent Agreement" shall mean the precedent agreement to be entered into by the Borrower for firm natural gas transportation service from TransCanada PipeLines Limited relating to the delivery of natural gas from the Union Dawn receipt point to the East Hereford delivery point into the Borrower's system, as the same may be amended, supplemented, restated or otherwise modified or otherwise modified from time to time.

"RAP" shall mean 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.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation T" shall mean Regulation T of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation X" shall mean Regulation X of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation Y" shall mean Regulation Y of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Related Parties" shall mean, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Release" shall mean any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

"Required Lenders" shall mean, at any time, Lenders holding more than 50% of the aggregate outstanding Revolving Commitments at such time or if the Lenders have no Commitments outstanding, then Lenders holding more than 50% of the Revolving Credit Exposure; provided, that at any time there are two (2) or fewer Lenders, "Required Lenders" shall consist of all Lenders. At any time any Lender is a Defaulting Lender, such Defaulting Lender shall be excluded in determining "Required Lenders" and "Required Lenders" shall mean non-Defaulting Lenders otherwise meeting the criteria set forth in this definition.

"Requirement of Law" for any Person shall mean the articles or certificate of incorporation, bylaws, partnership certificate and agreement, or limited liability company certificate of organization and agreement, as the case may be, and other organizational and governing documents of such Person, and any law, treaty, rule or regulation, authorization, permit or determination of a Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer" shall mean any of the President, Chief Financial Officer, Treasurer or any vice president or any secretary or assistant secretary of the Borrower or such other representative of the Borrower as may be designated in writing by any one of the foregoing with the consent of the Administrative Agent, and, with respect to the financial covenants only, President, Chief Financial Officer, Treasurer or any vice president of the Borrower.

"Restricted Payment" shall have the meaning set forth in Section 7.5.

"Revolving Commitment" shall mean, with respect to each Lender, the obligation of such Lender to make Revolving Loans to the Borrower and to participate in Letters of Credit and Swingline Loans in an aggregate principal amount not exceeding the amount set forth with respect to such Lender on Schedule II, as such schedule may be amended pursuant to Section 2.21, or in the case of a Person becoming a Lender after the Closing Date through an assignment of an existing Revolving Commitment, the amount of the assigned "Revolving Commitment" as provided in the Assignment and Acceptance executed by such Person as an assignee, as the same may be increased or decreased pursuant to the terms hereof.

"Revolving Commitment Termination Date" shall mean the earliest of (i) April 5, 2023 or the date later in effect pursuant to Section 2.24 (ii) the date on which the Revolving Commitments are terminated pursuant to Section 2.7 and (iii) the date on which all amounts outstanding under this Agreement have been declared or have automatically become due and payable (whether by acceleration or otherwise).

"Revolving Credit Exposure" shall mean, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans, LC Exposure and Swingline Exposure.

"Revolving Loan" shall mean a loan made by a Lender (other than the Swingline Lender) to the Borrower under its Revolving Commitment, which may either be a Base Rate Loan or a Eurodollar Loan.

"S&P" shall mean Standard & Poor's, a Division of the McGraw-Hill Companies.

"Sanctioned Country" shall mean a country which is the target of any comprehensive (but not list based) Sanctions.

"Sanctioned Person" shall mean (i) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, or by the United Nations Security

Council, (ii) any Person operating, organized or resident in a Sanctioned Country or (iii) any Person owned or controlled by any such Person or Persons.

"Sanction(s)" shall mean economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (i) the United States Government, including those administered by OFAC, or (ii) the United Nations Security Council.

"Screen Rate" shall mean the rate specified in clause (a) of the definition of Adjusted LIBO Rate.

"Senior Note Documents" means (a) the Senior Secured 5.90% Note Documents and (b) any documents related to a replacement note facility for the Senior Secured 5.90% Notes otherwise permitted hereunder.

"Senior Notes" means the Borrower's Senior Notes issued pursuant to the Senior Note Documents.

"Senior Secured 5.90% Notes" means the Borrower's Senior Notes issued pursuant to the Senior Secured 5.90% Note Documents.

"Senior Secured 5.90% Note Documents" means that certain Note Purchase Agreement, dated April 10, 2003, for the issue and sale of Senior Secured Notes by Portland Natural Gas Transmission System at 5.90% and due December 31, 2018.

"Service Agreement" shall mean (a) an agreement for firm transportation service under Borrower's Rate Schedule FT, (b) any other agreement executed on a form of firm transportation service agreement included in the Tariff, and (c) any other precedent agreement for firm transportation service under the Borrower's Rate Schedule FT, in each case, entered into between the Borrower and a Shipper, and as such agreements may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"Shipper" shall mean any Person who is, at the time of such characterization, a party to a Service Agreement with the Borrower.

"Solvent" shall mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including subordinated and contingent liabilities, of such Person; (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts and liabilities, including subordinated and contingent liabilities as they become absolute and matured; (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (d) such Person is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities (such as litigation, guaranties and pension plan liabilities) at any time shall be computed as the amount that, in light of all the facts and circumstances existing at the time, represents the amount that would reasonably be expected to become an actual or matured liability.

"Subsidiary" shall mean, with respect to any Person (the "parent"), any corporation, partnership, joint venture, limited liability company, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation,

partnership, joint venture, limited liability company, association or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power, or in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held. Unless otherwise indicated, all references to "Subsidiary" hereunder shall mean a Subsidiary of the Borrower.

"Swingline Commitment" shall mean the commitment of the Swingline Lender to make Swingline Loans in an aggregate principal amount at any time outstanding not to exceed $3,000,000.

"Swingline Exposure" shall mean, with respect to each Lender, the principal amount of the Swingline Loans in which such Lender is legally obligated either to make a Base Rate Loan or to purchase a participation in accordance with Section 2.4, which shall equal such Lender's Pro Rata Share of all outstanding Swingline Loans (as such amount may be adjusted from time to time pursuant to Section 2.25(a)).

"Swingline Lender" shall mean SunTrust Bank, or any other Lender that may agree to make Swingline Loans hereunder.

"Swingline Loan" shall mean a loan made to the Borrower by the Swingline Lender under the Swingline Commitment.

"Synthetic Lease" shall mean a lease transaction under which the parties intend that (i) the lease will be treated as an "operating lease" by the lessee pursuant to Statement of Financial Accounting Standards No. 13, as amended, and (ii) the lessee will be entitled to various tax and other benefits ordinarily available to owners (as opposed to lessees) of like property.

"Synthetic Lease Obligations" shall mean, with respect to any Person, the sum of (i) all remaining rental obligations of such Person as lessee under Synthetic Leases which are attributable to principal and, without duplication, (ii) all rental and purchase price payment obligations of such Person under such Synthetic Leases assuming such Person exercises the option to purchase the lease property at the end of the lease term.

"Tariff" shall mean the FERC Gas Tariff of the Borrower stating the terms and conditions applicable to the transportation of gas through the Pipeline, such terms and conditions consisting of the compilation on file with the FERC of Borrower's Rate Schedules, General Terms and Conditions and related forms of Service Agreement (as each of such terms is defined in said Tariff), as amended and in effect from time to time.

"Taxes" shall mean any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Tennessee Gas Pipeline Company Interconnection Agreements" shall mean, collectively, (a) the Agreement, dated as of October 8, 1997, among Tennessee Gas Pipeline Company, Maritimes and the Borrower (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, Maritimes and the Borrower (relating to the interconnection point with Tennessee Gas Pipeline Company at Dracut, Massachusetts), such agreements may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"TQ&M Interconnection Agreements" shall mean (a) that certain TQM Pipeline's East Hereford Facilities Interconnection Agreement, dated May 15, 1998, between Trans Quebec & Maritimes

Pipeline Inc. and the Borrower, as amended by that certain Amendment to the Interconnection Agreement dated May 15, 1988, dated July 19, 1999, between Trans Quebec & Maritimes Pipeline Inc. and the Borrower, and that certain letter agreement, dated September 26, 2005, from the Borrower to Gazoduc TQM, and as may be further amended, modified or supplemented from time to time in accordance with the terms hereof and thereof and (b) any other agreement and amendment thereto, entered into between Trans Quebec & Maritimes Pipeline Inc., a Canadian corporation, and the Borrower with respect to the interconnection near·East Hereford, Quebec, Canada, as such agreements may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"Termination Date" shall mean the date as of which no Loan, promissory note or LC Exposure remains outstanding and unpaid, no amount remains available to be drawn under any Letter of Credit (unless such Letter of Credit is cash collateralized or supported by a letter of credit on terms and in amount acceptable to the Administrative Agent), no other amount is owing to any Lender or the Administrative Agent hereunder or under any of the other Loan Documents (except contingent indemnification obligations or expense reimbursement obligations to the extent no claim giving rise thereto has been asserted) and the Revolving Commitments have been terminated.

"Trading with the Enemy Act" shall mean the Trading with the Enemy Act of the United States of America (50 U.S.C. App. §§ 1 et seq.), as amended and in effect from time to time.

"Type", when used in reference to a Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Base Rate.

"United States" or "U.S." shall mean the United States of America.

"Withdrawal Liability" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 1.2. Classifications of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan" or "Swingline Loan") or by Type (e.g., a "Eurodollar Loan" or "Base Rate Loan") or by Class and Type (e.g., "Revolving Eurodollar Loan"). Borrowings also may be classified and referred to by Class (e.g., "Revolving Borrowing") or by Type (e.g., "Eurodollar Borrowing") or by Class and Type (e.g., "Revolving Eurodollar Borrowing").

Section 1.3. Accounting Terms and Determination. Unless otherwise defined or specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP as in effect from time to time, applied on a basis consistent with the most recent audited consolidated financial statement of the Borrower delivered pursuant to Section 5.1(a); provided that if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any covenant in Article VI to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Article VI for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of GAAP

in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Accounting Standards Codification Section 825-10 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any of its Subsidiaries at "fair value", as defined therein.

Section 1.4. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the word "to" means "to but excluding". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as it was originally executed or as it may from time to time be amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (iii) the words "hereof", "herein" and "hereunder" and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision hereof, (iv) all references to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles, Sections, Exhibits and Schedules to this Agreement and (v) all references to a specific time shall be construed to refer to the time in the city and state of the Administrative Agent's principal office, unless otherwise indicated.

ARTICLE II

AMOUNT AND TERMS OF THE COMMITMENTS

Section 2.1. General Description of Facilities. Subject to and upon the terms and conditions herein set forth, (i) the Lenders hereby establish in favor of the Borrower a revolving credit facility pursuant to which each Lender severally agrees (to the extent of such Lender's Revolving Commitment) to make Revolving Loans to the Borrower in accordance with Section 2.2, (ii) the Issuing Bank agrees to issue Letters of Credit in accordance with Section 2.20, (iii) the Swingline Lender agrees to make Swingline Loans in accordance with Section 2.4 and (iv) each Lender agrees to purchase a participation interest in the Letters of Credit and the Swingline Loans pursuant to the terms and conditions hereof; provided, that in no event shall the aggregate principal amount of all outstanding Revolving Loans, Swingline Loans and outstanding LC Exposure exceed at any time the Aggregate Revolving Commitment Amount from time to time in effect.

Section 2.2. Revolving Loans. Subject to the terms and conditions set forth herein, each Lender severally agrees to make Revolving Loans, ratably in proportion to its Pro Rata Share, to the Borrower, from time to time during the Availability Period, in an aggregate principal amount outstanding at any time that will not result in (a) such Lender's Revolving Credit Exposure exceeding such Lender's Revolving Commitment or (b) the aggregate Revolving Credit Exposures of all Lenders exceeding the Aggregate Revolving Commitment Amount. During the Availability Period, the Borrower shall be entitled to borrow, prepay and reborrow Revolving Loans in accordance with the terms and conditions of this Agreement; provided, that the Borrower may not borrow or reborrow should there exist a Default or Event of Default or any of the other conditions in Section 3.2 shall not have been satisfied. Notwithstanding

anything herein, on the Closing Date, all Revolving Loans shall be Eurodollar Loans. The execution and delivery of this Agreement by the Borrower and the satisfaction of all conditions precedent pursuant to Section 3.1 shall be deemed to constitute the Borrower's request to borrow the Revolving Loans on the Closing Date.

Section 2.3. Procedure for Revolving Borrowings.

The Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of each Revolving Borrowing substantially in the form of Exhibit 2.3 (a "Notice of Revolving Borrowing") (x) prior to 11:00 a.m. (New York time) on the requested date of each Base Rate Borrowing and (y) except for the Eurodollar Borrowing to be made on the Closing Date, prior to 11:00 a.m. (New York time) three (3) Business Days prior to the requested date of each Eurodollar Borrowing. Each Notice of Revolving Borrowing shall be irrevocable and shall specify: (i) the aggregate principal amount of such Borrowing, (ii) the date of such Borrowing (which shall be a Business Day), (iii) the Type of Revolving Loans comprising such Borrowing and (iv) in the case of a Eurodollar Borrowing, the duration of the initial Interest Period applicable thereto (subject to the provisions of the definition of

Interest Period). Each Revolving Borrowing shall consist entirely of Base Rate Loans or Eurodollar Loans, as the Borrower may request. The aggregate principal amount of each Borrowing shall be not less than $3,000,000 or a larger multiple of $1,000,000 for Eurodollar Borrowings or not less than $1,000,000 or a larger multiple of $100,000 for Base Rate Borrowings; provided, that Base Rate Loans made pursuant to Section 2.4 or Section 2.20(d) may be made in lesser amounts as provided therein. At no time shall the total number of Eurodollar Borrowings outstanding at any time exceed six. Promptly following the receipt of a Notice of Revolving Borrowing in accordance herewith, the Administrative Agent shall advise each Lender of the details thereof and the amount of such Lender's Revolving Loan to be made as part of the requested Revolving Borrowing.

Section 2.4. Swingline Commitment.

(a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower, from time to time during the Availability Period, in an aggregate principal amount outstanding at any time not to exceed the lesser of (i) the Swingline Commitment then in effect and (ii) the difference between the Aggregate Revolving Commitment Amount and the aggregate Revolving Credit Exposures of all Lenders; provided, that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. The Borrower shall be entitled to borrow, repay and reborrow Swingline Loans in accordance with the terms and conditions of this Agreement.

(b) The Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of each Swingline Borrowing substantially in the form of Exhibit 2.4 attached hereto ("Notice of Swingline Borrowing") prior to 11:00 a.m. (New York time) on the requested date of each Swingline Borrowing. Each Notice of Swingline Borrowing shall be irrevocable and shall specify: (i) the principal amount of such Swingline Loan, (ii) the date of such Swingline Loan (which shall be a Business Day) and (iii) the account of the Borrower to which the proceeds of such Swingline Loan should be credited. The Administrative Agent will promptly advise the Swingline Lender of each Notice of Swingline Borrowing. Each Swingline Loan shall accrue interest at the Base Rate *plus* the Applicable Margin in effect from time to time and shall have an Interest Period (subject to the definition thereof) as agreed between the Borrower and the Swingline Lender. The aggregate principal amount of each Swingline Loan shall be not less than $100,000 or a larger multiple of $50,000, or such other minimum amounts agreed to by the Swingline Lender and the Borrower. The Swingline Lender will make the proceeds of each Swingline Loan available to the Borrower in Dollars in immediately available funds at the account

specified by the Borrower in the applicable Notice of Swingline Borrowing not later than 1:00 p.m. (New York time) on the requested date of such Swingline Loan.

(c) The Swingline Lender, at any time and from time to time in its sole discretion, may, on behalf of the Borrower (which hereby irrevocably authorizes and directs the Swingline Lender to act on its behalf), give a Notice of Revolving Borrowing to the Administrative Agent requesting the Lenders (including the Swingline Lender) to make Base Rate Loans in an amount equal to the unpaid principal amount of any Swingline Loan. Each Lender will make the proceeds of its Base Rate Loan included in such Borrowing available to the Administrative Agent for the account of the Swingline Lender in accordance with Section 2.5, which will be used solely for the repayment of such Swingline Loan.

(d) If for any reason a Base Rate Borrowing may not be (as determined in the sole discretion of the Administrative Agent), or is not, made in accordance with the foregoing provisions, then each Lender (other than the Swingline Lender) shall purchase an undivided participating interest in such Swingline Loan in an amount equal to its Pro Rata Share thereof on the date that such Base Rate Borrowing should have occurred. On the date of such required purchase, each Lender shall promptly transfer, in immediately available funds, the amount of its participating interest to the Administrative Agent for the account of the Swingline Lender.

(e) Each Lender's obligation to make a Base Rate Loan pursuant to Section 2.4(c) or to purchase the participating interests pursuant to Section 2.4(d) shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation (i) any setoff, counterclaim, recoupment, defense or other right that such Lender or any other Person may have or claim against the Swingline Lender, the Borrower or any other Person for any reason whatsoever, (ii) the existence of a Default or an Event of Default or the termination of any Lender's Revolving Commitment, (iii) the existence (or alleged existence) of any event or condition which has had or could reasonably be expected to have a Material Adverse Effect, (iv) any breach of this Agreement or any other Loan Document by the Borrower, the Administrative Agent or any Lender or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. If such amount is not in fact made available to the Swingline Lender by any Lender, the Swingline Lender shall be entitled to recover such amount on demand from such Lender, together with accrued interest thereon for each day from the date of demand thereof (i) at the Federal Funds Rate until the second Business Day after such demand and (ii) at the Base Rate at all times thereafter. Until such time as such Lender makes its required payment, the Swingline Lender shall be deemed to continue to have outstanding Swingline Loans in the amount of the unpaid participation for all purposes of the Loan Documents. In addition, such Lender shall be deemed to have assigned any and all payments made of principal and interest on its Loans and any other amounts due to it hereunder, to the Swingline Lender to fund the amount of such Lender's participation interest in such Swingline Loans that such Lender failed to fund pursuant to this Section 2.4, until such amount has been purchased in full.

Section 2.5. Funding of Borrowings.

(a) Each Lender will make available each Loan to be made by it hereunder on the proposed date thereof by wire transfer in immediately available funds by 1:00 p.m. (New York time) to the Administrative Agent at the Payment Office; provided, that the Swingline Loans will be made as set forth in Section 2.4. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts that it receives, in like funds by the close of business on such proposed date, to an account maintained by the Borrower with the Administrative Agent or at the Borrower's option, by effecting a wire transfer of such amounts to an account designated by the Borrower to the Administrative Agent.

(b) Unless the Administrative Agent shall have been notified by any Lender (x) prior to 1:00 p.m. (New York time) on the requested date of each Base Rate Borrowing and (y) prior to 5:00 p.m. (New York time) one (1) Business Day prior to the date of a Eurodollar Borrowing in which such Lender is to participate that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date, and the Administrative Agent, in reliance on such assumption, may make available to the Borrower on such date a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender on the date of such Borrowing, the Administrative Agent shall be entitled to recover such corresponding amount on

demand from such Lender together with interest at the Federal Funds Rate until the second Business Day after such demand and thereafter at the Base Rate. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower, and the Borrower shall immediately pay such corresponding amount to the Administrative Agent together with interest at the rate specified for such Borrowing. Nothing in this subsection shall be deemed to relieve any Lender from its obligation to fund its Pro Rata Share of any Borrowing hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any default by such Lender hereunder.

(c) All Revolving Borrowings shall be made by the Lenders on the basis of their respective Pro Rata Shares. No Lender shall be responsible for any default by any other Lender in its obligations hereunder, and each Lender shall be obligated to make its Loans provided to be made by it hereunder, regardless of the failure of any other Lender to make its Loans hereunder.

Section 2.6. Interest Elections.

(a) Each Borrowing initially shall be of the Type specified in the applicable Notice of Borrowing, and in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Notice of Borrowing. Thereafter, the Borrower may elect to convert such Borrowing into a different Type or to continue such Borrowing, and in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section 2.6. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall NOT apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section 2.6, the Borrower shall give the Administrative Agent prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing substantially in the form of Exhibit 2.6 attached hereto (a "Notice of Continuation/Conversion") that is to be converted or continued, as the case may be, (x) prior to 11:00 a.m. (New York time) on the requested date of a conversion into a Base Rate Borrowing and (y) prior to 11:00 a.m. (New York time) three (3) Business Days prior to a continuation of or conversion into a Eurodollar Borrowing. Each such Notice of Continuation/Conversion shall be irrevocable and shall specify (i) the Borrowing to which such Notice of Continuation/Conversion applies and if different options are being elected with respect to different portions thereof, the portions thereof that are to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) shall be specified for each resulting Borrowing); (ii) the effective date of the election made pursuant to such Notice of Continuation/Conversion, which shall be a Business Day, (iii) whether the resulting Borrowing is to be a Base Rate Borrowing or a Eurodollar Borrowing; and (iv) if the resulting Borrowing is to be a Eurodollar Borrowing, the Interest Period applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of "Interest Period". If any such Notice of Continuation/Conversion requests a Eurodollar Borrowing but does not specify an Interest Period, the Borrower shall be deemed to have selected an Interest

Period of one month. The principal amount of any resulting Borrowing shall satisfy the minimum borrowing amount for Eurodollar Borrowings and Base Rate Borrowings set forth in Section 2.3.

(c) If, on the expiration of any Interest Period in respect of any Eurodollar Borrowing, the Borrower shall have failed to deliver a Notice of Conversion/Continuation, then, unless such Borrowing is repaid as provided herein, the Borrower shall be deemed to have elected to continue such Borrowing for an Interest Period of one (1) month. No Borrowing may be converted into, or continued as, a Eurodollar Borrowing if a Default or an Event of Default exists, unless the Administrative Agent and each of the Lenders shall have otherwise consented in writing. No conversion of any Eurodollar Loans shall be permitted except on the last day of the Interest Period in respect thereof.

(d) Upon receipt of any Notice of Continuation/Conversion, the Administrative Agent shall promptly notify each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

Section 2.7. Optional Reduction and Termination of Commitments.

(a) Unless previously terminated, all Revolving Commitments, Swingline Commitments and LC Commitments shall terminate on the Revolving Commitment Termination Date.

(b) Upon at least one (1) Business Day's prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent, the Borrower may reduce the Aggregate Revolving Commitments in part or terminate the Aggregate Revolving Commitments in whole; provided, that (i) any partial reduction shall apply to reduce proportionately and permanently the Revolving Commitment of each Lender, (ii) any partial reduction pursuant to this Section 2.7 shall be in an amount of at least $3,000,000 and any larger multiple of $1,000,000, and (iii) no such reduction shall be permitted which would reduce the Aggregate Revolving Commitment Amount to an amount less than the outstanding Revolving Credit Exposures of all Lenders. Any such reduction in the Aggregate Revolving Commitment Amount below the sum of the principal amount of the Swingline Commitment and the LC Commitment shall result in a proportionate reduction (rounded to the next lowest integral multiple of $100,000) in the Swingline Commitment and the LC Commitment. A notice of termination or reduction of the Aggregate Revolving Commitments delivered by the Borrower shall be irrevocable; provided that any such notice may state that it is conditioned upon the effectiveness of other credit facilities or acquisitions or the receipt of net proceeds from the issuance of Capital Stock or incurrence of Indebtedness by the Borrower, in which case such notice may be revoked by the Borrower giving written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent on or prior to the date for termination or reduction specified in the termination or reduction notice if such condition is not satisfied.

(c) With the written approval of the Administrative Agent, the Borrower may terminate (on a non-ratable basis) the unused amount of the Revolving Commitment of a Defaulting Lender, and in such event the provisions of Section 2.25 will apply to all amounts thereafter paid by the Borrower for the account of any such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts); provided that such termination will not be deemed to be a waiver or release of any claim that the Borrower, the Administrative Agent, the Issuing Bank, the Swingline Lender or any other Lender may have against such Defaulting Lender.

Section 2.8. Repayment of Loans.

(a) The outstanding principal amount of all Revolving Loans shall be due and payable (together with accrued and unpaid interest thereon) on the Revolving Commitment Termination Date.

(b) The principal amount of each Swingline Borrowing shall be due and payable (together with accrued and unpaid interest thereon) on the earlier of (i) the last day of the Interest Period applicable to such Borrowing and (ii) the Revolving Commitment Termination Date.

Section 2.9. Evidence of Indebtedness. (a) Each Lender shall maintain in accordance with its usual practice appropriate records evidencing the Indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable thereon and paid to such Lender from time to time under this Agreement. The Administrative Agent shall maintain appropriate records in which shall be recorded (i) the Revolving Commitment of each Lender, (ii) the amount of each Loan made hereunder by each Lender, the Class and Type thereof and the Interest Period applicable thereto, (iii) the date of each continuation thereof pursuant to Section 2.6, (iv) the date of each conversion of all or a portion thereof to another Type pursuant to Section 2.6, (v) the date and amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder in respect of such Loans and (vi) both the date and amount of any sum received by the Administrative Agent hereunder from the Borrower in respect of the Loans and each Lender's Pro Rata Share thereof. The entries made in such records shall be *prima facie* evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, that the failure or delay of any Lender or the Administrative Agent in maintaining or making entries into any such record or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans (both principal and unpaid accrued interest) of such Lender in accordance with the terms of this Agreement.

(b) This Agreement evidences the obligation of the Borrower to repay the Loans and is being executed as a "noteless" credit agreement. However, at the request of any Lender (including the Swingline Lender) at any time, the Borrower agrees that it will prepare, execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment permitted hereunder) be represented by one or more promissory notes in such form payable to the payee named therein and its registered assigns.

Section 2.10. Prepayments.

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, without premium or penalty, by giving written notice (or telephonic notice promptly confirmed in writing) (an "Optional Prepayment Notice") to the Administrative Agent no later than (i) in the case of prepayment of any Eurodollar Borrowing, 11:00 a.m. (New York time) not less than three (3) Business Days prior to any such prepayment, (ii) in the case of any prepayment of any Base Rate Borrowing, not less than one Business Day prior to the date of such prepayment, and (iii) in the case of Swingline Borrowings, prior to 11:00 a.m. (New York time) on the date of such prepayment. Upon receipt of any such Optional Prepayment Notice, the Administrative Agent shall promptly notify each affected Lender of the contents thereof and of such Lender's Pro Rata Share of any such prepayment. Each Optional Prepayment Notice shall be irrevocable and shall specify the proposed date of such prepayment and the principal amount of each Borrowing or portion thereof to be prepaid; provided that any such Optional Prepayment Notice may state that such Optional Prepayment Notice is conditioned upon the effectiveness of other credit facilities or acquisitions or the receipt of net proceeds from the issuance of Capital Stock or incurrence of Indebtedness by the Borrower, in which case, such Optional Prepayment Notice may be revoked by the Borrower giving written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent on or prior to the date for prepayment specified in such Optional Prepayment Notice if such condition is not satisfied. If an Optional Prepayment Notice is given and has not been revoked by the Borrower in accordance with the proviso to the immediately preceding sentence, the aggregate amount specified in such Optional Prepayment Notice shall be due and payable on the date designated in such Optional Prepayment Notice, together with accrued interest to such date on the amount so prepaid in

accordance with Section 2.11(d); provided, that if a Eurodollar Borrowing is prepaid on a date other than the last day of an Interest Period applicable thereto, the Borrower shall also pay all amounts required pursuant to Section 2.17. Each partial prepayment of any Loan (other than a Swingline Loan) shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type pursuant to Section 2.2 or in the case of a Swingline Loan pursuant to Section 2.4. Each prepayment of a Borrowing shall be applied ratably to the Loans comprising such Borrowing.

(b) If at any time the Revolving Credit Exposure of all Lenders exceeds the Aggregate Revolving Commitment Amount, as reduced pursuant to Section 2.7 or otherwise, the Borrower shall immediately repay Swingline Loans and Revolving Loans in an amount equal to such excess, together with all accrued and unpaid interest on such excess amount and any amounts due under Section 2.17. Each prepayment shall be applied first to the Swingline Loans to the full extent thereof, second to the Base Rate Loans to the full extent thereof, and finally to Eurodollar Loans to the full extent thereof. If after giving effect to prepayment of all Swingline Loans and Revolving Loans, the Revolving Credit Exposure of all Lenders exceeds the Aggregate Revolving Commitment Amount, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Issuing Bank and the Lenders, an amount in cash equal to such excess plus any accrued and unpaid fees thereon to be held as collateral for the LC Exposure. Such account shall be administered in accordance with Section 2.20(g) hereof.

Section 2.11. Interest on Loans.

(a) The Borrower shall pay interest on each Base Rate Loan at the Base Rate in effect from time to time and on each Eurodollar Loan at the Adjusted LIBO Rate for the applicable Interest Period in effect for such Loan, *plus*, in each case, the Applicable Margin in effect from time to time.

(b) The Borrower shall pay interest on each Swingline Loan at the rate applicable to such Loan pursuant to Section 2.4(b).

(c) While an Event of Default exists or after acceleration, at the option of the Required Lenders, the Borrower shall pay interest ("Default Interest") with respect to all Eurodollar Loans at the rate otherwise applicable for the then-current Interest Period *plus* an additional 2% per annum until the last day of such Interest Period, and thereafter, and with respect to all Base Rate Loans (including all Swingline Loans) and all other Obligations hereunder (other than Loans), at an all-in rate in effect for Base Rate Loans, *plus* an additional 2% per annum.

(d) Interest on the principal amount of all Loans shall accrue from and including the date such Loans are made to but excluding the date of any repayment thereof. Interest on all outstanding Base Rate Loans shall be payable quarterly in arrears on the last day of each March, June, September and December and on the Revolving Commitment Termination Date, as the case may be. Interest on all outstanding Eurodollar Loans shall be

payable on the last day of each Interest Period applicable thereto, and, in the case of any Eurodollar Loans having an Interest Period in excess of three months or 90 days, respectively, on each day which occurs every three months or 90 days, as the case may be, after the initial date of such Interest Period, and on the Revolving Commitment Termination Date, as the case may be. Interest on each Swingline Loan shall be payable on the maturity date of such Loan, which shall be the last day of the Interest Period applicable thereto, and on the Revolving Commitment Termination Date. Interest on any Loan which is converted into a Loan of another Type or which is repaid or prepaid shall be payable on the date of such conversion or on the date of any such repayment or prepayment (on the amount repaid or prepaid) thereof. All Default Interest shall be payable on demand.

(e) The Administrative Agent shall determine each interest rate applicable to the Loans hereunder and shall promptly notify the Borrower and the Lenders of such rate in writing (or by telephone, promptly confirmed in writing). Any such determination shall be conclusive and binding for all purposes, absent manifest error.

Section 2.12. Fees.

(a) The Borrower shall pay to the Administrative Agent for its own account fees in the amounts and at the times previously agreed upon in writing by the Borrower and the Administrative Agent (including, without limitation, as set forth in the Fee Letter).

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Lender (subject to Section 2.25(a)(i) in the case of a Defaulting Lender) a commitment fee, which shall accrue at the Applicable Percentage *per annum* (determined daily in accordance with the Pricing Grid) on the daily amount by which the Revolving Commitment of such Lender exceeds such Lender's Revolving Credit Exposure during the Availability Period. For purposes of computing the commitment fee, the Revolving Commitment of each Lender shall be deemed used to the extent of the outstanding Revolving Loans and LC Exposure, but not Swingline Exposure, of such Lender.

(c) The Borrower agrees to pay (i) to the Administrative Agent, for the account of each Lender, a letter of credit fee with respect to its participation in each Letter of Credit, which shall accrue at a rate per annum equal to the Applicable Margin for Eurodollar Loans then in effect on the average daily amount of such Lender's LC Exposure attributable to such Letter of Credit during the period from and including the date of issuance of such Letter of Credit to but excluding the date on which such Letter of Credit expires or is drawn in full (including without limitation any LC Exposure that remains outstanding after the Revolving Commitment Termination Date) and (ii) to the Issuing Bank for its own account a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the Availability Period (or until the date that such Letter of Credit is Cash Collateralized, supported by a letter of credit on terms acceptable to the Issuing Bank, or irrevocably cancelled, whichever is later), as well as the Issuing Bank's standard fees with respect to issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Notwithstanding the foregoing, if the Required Lenders elect to increase the interest rate on the Loans to the Default Interest pursuant to Section 2.11(c), the rate per annum used to calculate the letter of credit fee pursuant to clause (i) above shall automatically be increased by an additional 2% per annum.

(d) The Borrower shall pay to the Administrative Agent, for the ratable benefit of each Lender, the upfront fee previously agreed upon by the Borrower and the Administrative Agent, which shall be due and payable on the Closing Date.

(e) Accrued fees under paragraphs (b) and (c) above shall be payable quarterly in arrears on the last day of each March, June, September and December, commencing on June 30, 2018 and on the Revolving Commitment Termination Date (and if later, the date the Loans and LC Exposure shall be repaid in their entirety); provided further, that any such fees accruing after the Revolving Commitment Termination Date shall be payable on demand.

Section 2.13. Computation of Interest and Fees. All computations of interest based on the Base Rate shall be made by the Administrative Agent on the basis of a year of 365/366 days, as the case may be, and all computations of interest based on the Adjusted LIBO Rate or the Federal Funds Rate and of fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees

are payable (to the extent computed on the basis of days elapsed). Each determination by the Administrative Agent of an interest amount or fee hereunder shall be made in good faith and, except for manifest error, shall be final, conclusive and binding for all purposes.

Section 2.14. Inability to Determine Interest Rates.

(a) If prior to the commencement of any Interest Period for any Eurodollar Borrowing,

(i) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant interbank market, adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate (including, without limitation, because the Screen Rate is not available or published on a current basis) for such Interest Period, or

(ii) the Administrative Agent shall have received notice from the Required Lenders that the Adjusted LIBO Rate does not adequately and fairly reflect the cost to such Lenders (or Lender, as the case may be) of making, funding or maintaining their (or its, as the case may be) Eurodollar Loans for such Interest Period,

the Administrative Agent shall give written notice (or telephonic notice, promptly confirmed in writing) to the Borrower and to the Lenders as soon as practicable thereafter. In the case of Eurodollar Loans, until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) the obligations of the Lenders to make Eurodollar Revolving Loans or to continue or convert outstanding Loans as or into Eurodollar Loans shall be suspended and (ii) all such affected Loans shall be converted into Base Rate Loans on the last day of the then current Interest Period applicable thereto unless the Borrower prepays such Loans in accordance with this Agreement. Unless the Borrower notifies the Administrative Agent

at least one Business Day before the date of any Eurodollar Revolving Borrowing for which a Notice of Revolving Borrowing has previously been given that it elects not to borrow on such date, then such Revolving Borrowing shall be made as a Base Rate Borrowing.

(b) If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a)(i) above have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(i) above have not arisen but the supervisor for the administrator of the Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the Screen Rate shall no longer be used for determining interest rates for loans, then the Administrative Agent and the Borrower shall endeavor to establish an alternate rate of interest to the Screen Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the Applicable Margin); provided, that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Notwithstanding anything to the contrary in Section 10.2, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five (5) Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Required Lenders stating that such Required Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 2.14(b), only to the extent the Screen Rate for the applicable currency and/or such Interest Period is not available or published at such time on a current basis), (x) any Notice of Conversion/Continuation that requests the conversion of any Borrowing to, or

continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective, and (y) if any Notice of Revolving Borrowing or Notice of Swingline Borrowing requests a Eurodollar Borrowing, such Borrowing shall be made as a Base Rate Borrowing.

Section 2.15. Illegality. If any Change in Law shall make it unlawful or impossible for any Lender to make, maintain or fund any Eurodollar Loan and such Lender shall so notify the Administrative Agent, the Administrative Agent shall promptly give notice thereof to the Borrower and the other Lenders, whereupon until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Eurodollar Revolving Loans, or to continue or convert outstanding Loans as or into Eurodollar Loans, shall be suspended. In the case of the making of a Eurodollar Revolving Borrowing, such Lender's Revolving Loan shall be made as a Base Rate Loan as part of the same Revolving Borrowing for the same Interest Period and if the affected Eurodollar Loan is then outstanding, such Loan shall be converted to a Base Rate Loan either (i) on the last day of the then current Interest Period applicable to such Eurodollar Loan if such Lender may lawfully continue to maintain such Loan to such date or (ii) immediately if such Lender shall determine that it may not lawfully continue to maintain such Eurodollar Loan to such date. Notwithstanding the foregoing, the affected Lender shall, prior to giving such notice to the Administrative Agent, designate a different Applicable Lending Office if such designation would avoid the need for giving such notice and if such designation would not otherwise be disadvantageous to such Lender in the good faith exercise of its discretion.

Section 2.16. Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement that is not otherwise included in the determination of the Adjusted LIBO Rate hereunder against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or the Issuing Bank; or

(ii) subject any of the Administrative Agent, any Lender and the Issuing Bank to any Taxes (other than (A) Indemnified Taxes and (B) Excluded Taxes); or

(iii) impose on any Lender or on the Issuing Bank or the eurodollar interbank market any other condition affecting this Agreement or any Eurodollar Loans made by such Lender or any Letter of Credit or any participation therein;

and the result of any of the foregoing is to increase the cost to such Lender of making, converting into, continuing or maintaining a Eurodollar Loan or to increase the cost to such Lender or the Issuing Bank of participating in or issuing any Letter of Credit or to reduce the amount received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or any other amount), then the Borrower shall promptly pay, upon written notice from and demand by such Lender on the Borrower (with a copy of such notice and demand to the Administrative Agent), to the Administrative Agent for the account of such Lender, within five (5) Business Days after the date of such notice and demand, additional amount or amounts sufficient to compensate such Lender or the Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered; provided, that amounts paid under this Section 2.16(a) shall be without duplication of amounts paid under Section 2.18 and shall not include Excluded Taxes (including any amounts attributable to any change in the rate of any Excluded Tax) payable by a Lender or Issuing Bank.

(b) If any Lender or the Issuing Bank shall have determined that on or after the date of this Agreement any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital (or on the capital of such Lender's or the Issuing Bank's Parent Company) as a consequence of its obligations hereunder or under or in respect of any Letter of Credit to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's Parent Company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies or the policies of such Lender's or the Issuing Bank's Parent Company with respect to capital adequacy) then, from time to time, within five (5) Business Days after receipt by the Borrower of written demand by such Lender (with a copy thereof to the Administrative Agent), the Borrower shall pay to such Lender such additional amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's Parent Company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's parent corporation, as the case may be, specified in paragraph (a) or (b) of this Section 2.16 shall be

delivered to the Borrower (with a copy to the Administrative Agent) and shall be conclusive, absent manifest error. The Borrower shall pay any such Lender or the Issuing Bank, as the case may be, such amount or amounts within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section 2.16 shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; provided, that the Borrower shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section 2.16 for any increased costs or reductions incurred more than six months prior to the date that such Lender or the Issuing Bank notifies the Borrower of such Lender's or the Issuing Bank's intention to claim compensation therefor; provided that, if the circumstances giving rise to such claim have a retroactive effect, then such six-month period shall be extended to include the period of such retroactive effect.

Section 2.17. Funding Indemnity. Except in connection with the Eurodollar Borrowing to be made on the Closing Date, in the event of (a) the payment of any principal of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion or continuation of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) any assignment of a Eurodollar Loan that is required by the Borrower pursuant to Section 2.23 or (d) the failure by the Borrower to borrow, prepay, convert or continue any Eurodollar Loan on the date specified in any applicable notice (regardless of whether such notice is withdrawn or revoked), then, in any such event, the Borrower shall compensate each Lender, within five (5) Business Days after written demand from such Lender, for any loss, cost or expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense shall be deemed to include an amount determined by such Lender to be the excess, if any, of (A) the amount of interest that would have accrued on the principal amount of such Eurodollar Loan if such event had not occurred at the Adjusted LIBO Rate applicable to such Eurodollar Loan for the period from the date of such event to the last day of the then current Interest Period therefor (or in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Eurodollar Loan) over (B) the amount of interest that would accrue on the principal amount of such Eurodollar Loan for the same period if the Adjusted LIBO Rate were set on the date such Eurodollar Loan was prepaid or converted or the date on which the Borrower failed to borrow, convert or continue such Eurodollar Loan. A certificate as to any additional amount payable under this Section 2.17 submitted to the Borrower by any Lender (with a copy to the Administrative Agent) shall be conclusive, absent manifest error.

Section 2.18. Taxes.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided, that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.18 for Indemnified Taxes or Other Taxes) the Administrative Agent, any Lender or the Issuing Bank, as the case may be, shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each Lender and the Issuing Bank, within five (5) Business Days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or the Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.18) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or the Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or the Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from withholding tax under the Code or any treaty to which the United States is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate. Without limiting the generality of the foregoing, each Foreign Lender agrees that it will deliver to the Administrative Agent and the Borrower (or in the case of a Participant, to the Lender from which the related participation shall have been purchased), as appropriate, two (2) duly completed copies of (i) Internal Revenue Service Form W-8 ECI, or any successor form thereto, certifying that the payments received from the Borrower hereunder are effectively connected with such Foreign Lender's conduct of a trade or business in the United States; or (ii) Internal Revenue Service Form W-8 BEN, or any successor form thereto, certifying that such Foreign Lender is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest; or (iii) Internal Revenue Service Form W-8 BEN, or any successor form prescribed by the Internal Revenue Service, together with a certificate (A) establishing that the payment to the Foreign Lender qualifies as "portfolio interest" exempt from U.S. withholding tax under Code section 871(h) or 881(c), and (B) stating that (1) the Foreign Lender is not a bank for purposes of Code section 881(c)(3)(A), or the obligation of the Borrower hereunder is not, with respect to such Foreign Lender, a loan agreement entered into in the ordinary course of its trade or business, within the meaning of that section; (2) the Foreign Lender is not a 10% shareholder of the Borrower within the meaning of Code section 871(h)(3) or 881(c)(3)(B); and (3)

the Foreign Lender is not a controlled foreign corporation that is related to the Borrower within the meaning of Code section 881(c)(3)(C); or (iv) such other Internal Revenue Service forms as may be applicable to the Foreign Lender, including Forms W-8 IMY or W-8 EXP, in each case, establishing a complete exemption from U.S. federal withholding tax with respect to payments made under this Agreement. Each such Foreign Lender shall deliver to the Borrower and the Administrative Agent such forms on or before the date that it becomes a party to this Agreement (or in the case of a Participant, on or before the date such Participant purchases the related participation). In addition, such Foreign Lender shall deliver such forms evidencing a complete exemption from

withholding tax under the Code or any treaty to which the United States is a party, promptly upon the obsolescence or invalidity of any form previously delivered by such Foreign Lender. Each such Foreign Lender shall promptly notify the Borrower and the Administrative Agent at any time that it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the Internal Revenue Service for such purpose).

(f) For any period with respect to which a Foreign Lender has failed to provide the Borrower with the appropriate form, certificate or other document described in Section 2.18(e) (other than if such failure is due to a Change in Law, occurring subsequent to the date on which a form, certificate or other document originally was required to be provided, or if such form, certificate or other document otherwise is not required under subsection (e) above), such Foreign Lender shall not be entitled to the additional payment or indemnification under Section 2.18(a) or (c) with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Lender become subject to Taxes because of its failure to deliver a form, certificate or other document required hereunder, the Borrower shall take such steps as the Foreign Lender shall reasonably request to assist the Foreign Lender to recover such Taxes.

(g) If the Administrative Agent or any Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid amounts pursuant to this Section 2.20, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.20 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant governmental authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant governmental authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such governmental authority. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

(h) If a payment made to a Foreign Lender under this Agreement or any other Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Foreign Lender were to fail to comply with the applicable reporting requirements of FATCA, such Foreign Lender shall deliver to the Borrower and the Administrative Agent, at the time or times prescribed by law, such documentation as is prescribed by FATCA.

Section 2.19. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Sections 2.16, 2.17 or 2.18, or otherwise) prior to 12:00 noon (New York time) on the date when due, in

immediately available funds, free and clear of any defenses, rights of set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at the Payment Office, except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.16, 2.17 and 2.18 and 10.3 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be made payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans or participations in LC Disbursements or Swingline Loans that would result in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans and participations in LC Disbursements and Swingline Loans; provided, that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements or Swingline Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount or amounts due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the

Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.4(c), 2.5(a), 2.19(d), 2.20(d) or (e) or 10.3(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

Section 2.20. Letters of Credit.

(a) During the Availability Period, the Issuing Bank, in reliance upon the agreements of the other Lenders pursuant to subsections (d) and (e) of this Section, agrees to issue, at the request of the Borrower, Letters of Credit for the account of the Borrower or any of its Subsidiaries on the terms and conditions hereinafter set forth; provided that (i) each Letter of Credit shall expire on the earlier of (A) the date one year after the date of issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (B) the date that is five (5) Business Days prior to the Revolving Commitment Termination Date; (ii) each Letter of Credit shall be in a stated amount of at least $100,000; and (iii) the Borrower may not request any Letter of Credit if, after giving effect to such issuance, (A) the aggregate LC Exposure would exceed the LC Commitment or (B) the aggregate Revolving Credit Exposure of all Lenders would exceed the Aggregate Revolving Commitment Amount. Each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Bank without recourse a participation in each Letter of Credit equal to such Lender's Pro Rata Share of the aggregate amount available to be drawn under such Letter of Credit on the date of issuance. Each issuance of a Letter of Credit shall be deemed to utilize the Revolving Commitment of each Lender by an amount equal to the amount of such participation.

(b) To request the issuance of a Letter of Credit (or any amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall give the Issuing Bank and the Administrative Agent irrevocable written notice at least three (3) Business Days prior to the requested date of such issuance specifying the date (which shall be a Business Day) such Letter of Credit is to be issued (or amended, renewed or extended, as the case may be), the expiration date of such Letter of Credit, the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. In addition to the satisfaction of the conditions in Article III, the issuance of such Letter of Credit (or any amendment which increases the amount of such Letter of Credit) will be subject to the further conditions that such Letter of Credit shall be in such form and contain such terms as the Issuing Bank shall approve and that the Borrower shall have executed and delivered any additional applications, agreements and instruments relating to such Letter of Credit as the Issuing Bank shall reasonably require; provided that in the event of any conflict between such applications, agreements or instruments and this Agreement, the terms of this Agreement shall control.

(c) At least two (2) Business Days prior to the issuance of any Letter of Credit, the Issuing Bank will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received such notice, and, if not, the Issuing Bank will provide the Administrative Agent with a copy thereof. Unless the Issuing Bank has received notice from the Administrative Agent, on or before the Business Day immediately preceding the date the Issuing Bank is to issue the requested Letter of Credit, directing the Issuing Bank not to issue the Letter of Credit because such issuance is not then permitted hereunder because of the limitations set forth in subsection (a) of this Section or that one or more conditions specified in Article III are not then satisfied, then, subject to the terms and conditions hereof, the Issuing Bank shall, on the requested date, issue such Letter of Credit in accordance with the Issuing Bank's usual and customary business practices.

(d) The Issuing Bank shall examine all documents purporting to represent a demand for payment under a Letter of Credit promptly following its receipt thereof. The Issuing Bank shall notify the Borrower and the Administrative Agent of such demand for payment and whether the Issuing Bank has made or will make a LC Disbursement thereunder; provided, that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Lenders with respect to such LC Disbursement. The Borrower shall be irrevocably and unconditionally obligated to reimburse the Issuing Bank for any LC Disbursements paid by the Issuing Bank in respect of such drawing, without presentment, demand or other formalities of any kind. Unless the Borrower shall have notified the Issuing Bank and the Administrative Agent prior to 11:00 a.m. (New York time) on the Business Day immediately prior to the date on which such drawing is honored that the Borrower intends to reimburse the Issuing Bank for the amount of such drawing in funds other than from the proceeds of Revolving Loans, the Borrower shall be deemed to have timely given a Notice of Revolving Borrowing to the Administrative Agent requesting the Lenders to make a Base Rate Borrowing on the date on which such drawing is honored in an exact amount due to the Issuing Bank; provided, that for purposes solely of such Borrowing, the conditions precedent set forth in Section 3.2 hereof shall not be applicable. The Administrative Agent shall notify the Lenders of such Borrowing in accordance with Section 2.3, and each Lender shall make the proceeds of its Base Rate Loan included in such Borrowing available to the Administrative Agent for the account of the Issuing Bank in accordance with Section 2.5. The proceeds of such Borrowing shall be applied directly by the Administrative Agent to reimburse the Issuing Bank for such LC Disbursement**.**

(e) If for any reason a Base Rate Borrowing may not be (as determined in the sole discretion of the Administrative Agent), or is not, made in accordance with the foregoing provisions, then each Lender (other than the Issuing Bank) shall be obligated to fund the participation that such Lender purchased pursuant to subsection (a) of this Section in an amount equal to its Pro Rata Share of such LC Disbursement on and as of the date which such Base Rate Borrowing should have occurred. Each Lender's obligation to fund its participation shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any set-off, counterclaim, recoupment, defense or other right that such Lender or any other Person may have against the Issuing Bank or any other Person for any reason whatsoever, (ii) the existence of a Default or an Event of Default or the termination of the Aggregate Revolving Commitments, (iii) any adverse change in the condition (financial or otherwise) of the Borrower or any of its Subsidiaries, (iv) any breach of this Agreement by the Borrower or any other Lender, (v) any amendment, renewal or extension of any Letter of Credit or (vi) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. On the date that such participation is required to be funded, each Lender shall promptly transfer, in immediately available funds, the amount of its participation to the Administrative Agent for the account of the Issuing Bank. Whenever, at any time after the Issuing Bank has received from any such Lender the funds for its participation in a LC Disbursement, the Issuing Bank (or the Administrative Agent on its behalf) receives any payment on account thereof, the Administrative Agent or the Issuing Bank, as the case may be, will distribute to such Lender its Pro Rata Share of such payment; provided, that if such payment is required to be returned for any reason to the Borrower or to a trustee, receiver, liquidator, custodian or similar official in any bankruptcy proceeding, such Lender will return to the Administrative Agent or the Issuing Bank any portion thereof previously distributed by the Administrative Agent or the Issuing Bank to it.

(f) To the extent that any Lender shall fail to pay any amount required to be paid pursuant to subsection (d) or (e) of this Section on the due date therefor, such Lender shall pay interest to the Issuing Bank (through the Administrative Agent) on such amount from such due date to the date such payment is made at a rate per annum equal to the Federal Funds Rate; provided, that if such Lender shall fail to make such payment to the Issuing Bank within three (3) Business Days of such due date, then, retroactively to the due date, such Lender shall be obligated to pay interest on such amount at the rate set forth in Section 2.11(c).

(g) If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders demanding that its reimbursement obligations with respect to the Letters of Credit be Cash Collateralized pursuant to this subsection, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Issuing Bank and the Lenders, an amount in cash equal to 103% of the aggregate LC Exposure of all Lenders as of such date plus any accrued and unpaid fees thereon; provided that such obligation to Cash Collateralize the reimbursement obligations of the Borrower with respect to the Letters of Credit shall become effective immediately, and such deposit shall become immediately due and payable, without demand or notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in Section 8.1(g) or (h). Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. The Borrower agrees to execute any documents and/or certificates to effectuate the intent of this subsection. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest and profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it had not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated, with the consent of the Required Lenders, be applied to satisfy other obligations of the Borrower under this Agreement and the other Loan Documents. If the Borrower is required to Cash Collateralize its reimbursement obligations with respect to the Letters of Credit as a result of the occurrence of an Event of Default, such cash collateral so posted (to the extent not so applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after all Events of Default have been cured or waived.

(h) Promptly following the end of each calendar quarter, the Issuing Bank shall deliver (through the Administrative Agent) to each Lender and the Borrower a report describing the aggregate Letters of Credit outstanding at the end of such Fiscal Quarter. Upon the request of any Lender from time to time, the Issuing Bank shall deliver to such Lender any other information reasonably requested by such Lender with respect to each Letter of Credit then outstanding.

(i) The Borrower's obligation to reimburse LC Disbursements hereunder shall be absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement under all circumstances whatsoever and irrespective of any of the following circumstances:

(i) Any lack of validity or enforceability of any Letter of Credit or this Agreement, or whether any Letter of Credit was issued for the account of any Subsidiary of Borrower;

(ii) The existence of any claim, set-off, defense or other right which the Borrower or any Subsidiary or Affiliate of the Borrower may have at any time against a beneficiary or any transferee of any Letter of Credit (or any Persons or entities for whom any such beneficiary or transferee may be acting), any Lender (including the Issuing Bank) or any other Person, whether in connection with this Agreement or the Letter of Credit or any document related hereto or thereto or any unrelated transaction;

(iii) Any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) Payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document to the Issuing Bank that does not comply with the terms of such Letter of Credit;

(v) Any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.20, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder; or

(vi) The existence of a Default or an Event of Default.

Neither the Administrative Agent, the Issuing Bank, the Lenders nor any Related Party of any of the foregoing shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to above), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided, that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any actual direct damages (as opposed to special, indirect (including claims for lost profits or other consequential damages), or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise due care when determining whether drafts or other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree, that in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised due care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented that appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(j) Unless otherwise expressly agreed by the Issuing Bank and the Borrower when a Letter of Credit is issued and subject to applicable laws, performance under Letters of Credit by the Issuing Bank, its correspondents, and the beneficiaries thereof will be governed by (i) either

(x) the rules of the "International Standby Practices 1998" (ISP98) (or such later revision as may be published by the Institute of International Banking Law & Practice on any date any Letter of Credit may be issued) or (y) the rules of the "Uniform Customs and Practices for Documentary Credits" (2007 Revision), International Chamber of Commerce Publication No. 600 (or such later revision as may be published by the International Chamber of Commerce on any date any Letter of Credit may be issued) and (ii) to the extent not inconsistent therewith, the governing law of this Agreement set forth in Section 10.5.

Section 2.21. Increase of Commitments; Additional Lenders.

(a) So long as no Event of Default has occurred and is continuing and the other conditions set forth in Section 3.2 are satisfied, from time to time after the Closing Date, Borrower may, upon at least 30 days' written notice to the Administrative Agent (who shall promptly provide a copy of such notice to each Lender), propose to increase the Aggregate Revolving Commitments to an amount not to exceed $175,000,000 (the amount of any such increase, the "Additional Commitment Amount"). Each Lender shall have the right for a period of 15 days following receipt of such notice, to elect by written notice to the Borrower and the Administrative Agent to increase its Revolving Commitment by a principal amount

equal to its Pro Rata Share of the Additional Commitment Amount. No Lender (or any successor thereto) shall have any obligation to increase its Revolving Commitment or its other obligations under this Agreement and the other Loan Documents, and any decision by a Lender to increase its Revolving Commitment shall be made in its sole discretion independently from any other Lender.

(b) If any Lender shall not elect to increase its Revolving Commitment pursuant to subsection (a) of this Section 2.21, the Borrower may designate another bank or other financial institution (which may be, but need not be, one or more of the existing Lenders) which at the time agrees to, in the case of any such Person that is an existing Lender, increase its Revolving Commitment and in the case of any other such Person (an "Additional Lender"), become a party to this Agreement; provided, however, that any new bank or financial institution must be reasonably acceptable to the Administrative Agent, each Issuing Bank and each Swingline Lender. The sum of the increases in the Revolving Commitments of the existing Lenders pursuant to this subsection (b) plus the Revolving Commitments of the Additional Lenders shall not in the aggregate exceed the unsubscribed amount of the Additional Commitment Amount.

(c) An increase in the aggregate amount of the Revolving Commitments pursuant to this Section 2.21 shall become effective upon the receipt by the Administrative Agent of a supplement or joinder in form and substance satisfactory to the Administrative Agent executed by the Borrower and by each Additional Lender and by each other Lender whose Revolving Commitment is to be increased, setting forth the new Revolving Commitments of such Lenders and setting forth the agreement of each Additional Lender to become a party to this Agreement and to be bound by all the terms and provisions hereof, together with notes evidencing such increase in the Revolving Commitments (at the request of any Lender), and such evidence of appropriate corporate authorization on the part of the Borrower with respect to the increase in the Revolving Commitments and such opinions of counsel for the Borrower with respect to the increase in the Revolving Commitments as the Administrative Agent may reasonably request.

(d) Upon the acceptance of any such agreement by the Administrative Agent, the Aggregate Revolving Commitment Amount shall automatically be increased by the amount of the Revolving Commitments added through such agreement and Schedule II shall automatically be deemed amended to reflect the Revolving Commitments of all Lenders after giving effect to the addition of such Revolving Commitments.

(e) Upon any increase in the aggregate amount of the Revolving Commitments pursuant to this Section 2.21 that is not pro rata among all Lenders, (x) within five Business Days, in the case of any Base Rate Loans then outstanding, and at the end of the then current Interest Period with respect thereto, in the case of any Eurodollar Loans then outstanding, the Borrower shall prepay such Loans in their entirety and, to the extent the Borrower elects to do so and subject to the conditions specified in Article III, the Borrower shall reborrow Loans from the Lenders in proportion to their respective Revolving Commitments after giving effect to such increase, until such time as all outstanding Loans are held by the Lenders in proportion to their respective Revolving Commitments after giving effect to such increase and (y) effective upon such increase, the amount of the participations held by each Lender in each Letter of Credit then outstanding shall be adjusted automatically such that, after giving effect to such adjustments, the Lenders shall hold participations in each such Letter of Credit in proportion to their respective Revolving Commitments.

Section 2.22. Mitigation of Obligations. If any Lender requests compensation under Section 2.16, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.18, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the sole judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable

under Section 2.16 or Section 2.18, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all costs and expenses incurred by any Lender in connection with such designation or assignment.

Section 2.23. Replacement of Lenders. If (a) any Lender requests compensation under Section 2.16, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.18, or (b) any Lender is a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions set forth in Section 10.4(b)), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.16 or 2.18, as applicable) and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal amount of all Loans owed to it, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (in the case of such outstanding principal and accrued interest) and from the Borrower (in the case of all other amounts), and (iii) in the case of a claim for compensation under Section 2.16 or payments required to be made pursuant to Section 2.18, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 2.24. Extensions of Revolving Commitment Termination Date. After the first anniversary of the Closing Date and at least 45 days prior to the scheduled Revolving Commitment Termination Date then in effect, the Borrower may (but in no event more than once per year or twice during the term of this Agreement), by written notice to the Administrative Agent, request that the scheduled Revolving Commitment Termination Date then in effect be extended for a twelve-month period, effective as of a date selected by the Borrower (the "Extension Effective Date"); the Extension Effective Date shall be at least 45 days, but not more than 60 days, after the date such extension request is received by the Administrative Agent (the "Extension Request Date"). Upon receipt of the extension request, the Administrative Agent shall promptly notify each Lender thereof. If a Lender agrees, in its individual and sole discretion, to so extend its Revolving Commitment (an "Extending Lender"), it shall deliver to the Administrative Agent a written notice of its agreement to do so no later than 15 days after the Extension Request Date (or such later date to which the Borrower and the Administrative Agent shall agree), and the Administrative Agent shall promptly thereafter notify the Borrower of such Extending Lender's agreement to extend its Revolving Commitment (and such agreement shall be irrevocable until the Extension Effective Date). The Revolving Commitment of any Lender that fails to accept or respond to the Borrower's request for extension of the Revolving Commitment Termination Date (a "Declining Lender") shall be terminated on the Revolving Commitment Termination Date then in effect for such Lender (without regard to any extension by other Lenders) and on such Revolving Commitment Termination Date, the Borrower shall pay in full the unpaid principal amount of all Loans owing to such Declining Lender, together with all accrued and unpaid interest thereon and all fees accrued and unpaid under this Agreement to the date of such payment of principal and all other amounts due to such Declining Lender under this Agreement. The Administrative Agent shall promptly notify each Extending Lender of the aggregate Commitments of the Declining Lenders. Each Extending Lender may offer to increase its respective Commitment by an amount not to exceed the aggregate amount of the Declining Lenders' Commitments, and such Extending Lender shall deliver to the Administrative Agent a notice of its offer to so increase its Commitment no later than 30 days after the Extension Request Date (or such later date to which the Borrower and the Administrative Agent shall agree), and such offer shall be irrevocable until the Extension Effective Date. To the extent the

aggregate amount of additional Commitments that the Extending Lenders offer pursuant to the preceding sentence exceeds the aggregate amount of the Declining Lenders' Commitments, such additional Commitments shall be reduced on a pro rata basis. To the extent the aggregate amount of Commitments that the Extending Lenders have so offered to extend is less than the aggregate amount of Commitments that the Borrower has so requested to be extended, the Borrower shall have the right but not the obligation to require any Declining Lender to (and any such Declining Lender shall) assign in full its rights and obligations under this Agreement to one or more banks or other financial institutions (which may be, but need not be, one or more of the Extending Lenders) which at the time agree to, in the case of any such Person that is an Extending Lender, increase its Commitment and in the case of any other such Person (a "New Lender") become a party to this Agreement; provided that (i) such assignment is otherwise in compliance with Section 10.4, (ii) such Declining Lender receives payment in full of the unpaid principal amount of all Loans owing to such Declining Lender, together with all accrued and unpaid interest thereon and all fees accrued and unpaid under this Agreement to the date of such payment of principal and all other amounts due to such Declining Lender under this Agreement and (iii) any such assignment shall be effective on the date on or before such Extension Effective Date as may be specified by the Borrower and agreed to by the respective New Lenders and Extending Lenders, as the case may be, and the Administrative Agent. If, but only if, Extending Lenders and New Lenders, as the case may be, have agreed to provide Commitments in an aggregate amount greater than 50% of the aggregate amount of the Commitments outstanding immediately prior to such Extension Effective Date and the conditions precedent in Section 3.2 are met, the Revolving Commitment Termination Date in effect with respect to such Extending Lenders and New Lenders shall be extended by twelve months.

Section 2.25. Defaulting Lenders.

(a) If a Revolving Lender becomes, and during the period it remains, a Defaulting Lender, the following provisions shall apply, notwithstanding anything to the contrary in this Agreement:

(i) fees shall cease to accrue on the Commitment of such Defaulting Lender pursuant to Section 2.12(b);

(ii) (A) such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders and (B) notwithstanding Section 10.2, any such Defaulting Lender shall not have the right to vote on or consent to any amendment or waiver under this Agreement if such amendment or waiver does not (x) disproportionately in an adverse manner affect the rights of such Defaulting Lender, or (y) increase or extend such Defaulting Lender's Commitment hereunder or reduce the principal owed to such Defaulting Lender or extend the final maturity thereof; provided, that any amendment to this clause (B) shall require the consent of all Lenders, including any Defaulting Lenders;

(iii) so long as no Event of Default has occurred and is continuing, the LC Exposure and the Swingline Exposure of such Defaulting Lender will, subject to the limitation in the proviso below, automatically be reallocated (effective no later than one (1) Business Day after the Administrative Agent has actual knowledge that such Revolving Lender has become a Defaulting Lender) among the Non-Defaulting Lenders *pro rata* in accordance with their respective Revolving Commitments (calculated as if the Defaulting Lender's Revolving Commitment was reduced to zero and each Non-Defaulting Lender's Revolving Commitment had been increased proportionately); provided that the sum of each Non-Defaulting Lender's total Revolving Credit Exposure may not in any event exceed the Revolving Commitment of such Non-Defaulting Lender as in effect at the time of such reallocation; and

(iv) to the extent that any portion (the "unreallocated portion") of the LC Exposure and the Swingline Exposure of any Defaulting Lender cannot be reallocated pursuant to clause (i) above for any reason, the Borrower will, not later than ten (10) Business Days after demand by the Administrative Agent (at the direction of the Issuing Bank and/or the Swingline Lender), do any combination of the following: (x) Cash Collateralize the obligations of the Borrower to the Issuing Bank or the Swingline Lender in respect of such LC Exposure or such Swingline Exposure, as the case may be, in an amount at least equal to the aggregate amount of the unreallocated portion of the LC Exposure and the Swingline Exposure of such Defaulting Lender, (y) in the case of such Swingline Exposure, prepay and/or Cash Collateralize in full the unreallocated portion thereof, or (z) make other arrangements satisfactory to the Administrative Agent, the Issuing Bank and the Swingline Lender in their sole discretion to protect them against the risk of non-payment by such Defaulting Lender;

provided that neither any such reallocation nor any payment by a Non-Defaulting Lender pursuant thereto nor any such Cash Collateralization or reduction will constitute a waiver or release of any claim the Borrower, the Administrative Agent, the Issuing Bank, the Swingline Lender or any other Lender may

have against such Defaulting Lender or cause such Defaulting Lender to be a Non-Defaulting Lender.

(b) If the Borrower, the Administrative Agent, the Issuing Bank and the Swingline Lender agree in writing in their discretion that any Defaulting Lender has ceased to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice, and subject to any conditions set forth therein, the LC Exposure and the Swingline Exposure of the other Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment, and such Lender will purchase at par such portion of outstanding Revolving Loans of the other Lenders and/or make such other adjustments as the Administrative Agent may determine to be necessary to cause the Revolving Credit Exposure of the Lenders to be on a *pro rata* basis in accordance with their respective Revolving Commitments, whereupon such Lender will cease to be a Defaulting Lender and will be a Non-Defaulting Lender (and such Revolving Credit Exposure of each Lender will automatically be adjusted on a prospective basis to reflect the foregoing). If any cash collateral has been posted with respect to the LC Exposure or the Swingline Exposure of such Defaulting Lender, the Administrative Agent will promptly return such cash collateral to the Borrower; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while such Lender was a Defaulting Lender; provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Non-Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

(c) So long as any Lender is a Defaulting Lender, the Issuing Bank will not be required to issue, amend, extend, renew or increase any Letter of Credit, and the Swingline Lender will not be required to fund any Swingline Loans, as applicable, unless it is satisfied that 100% of the related LC Exposure and Swingline Exposure after giving effect thereto is fully covered or eliminated by any combination satisfactory to the Issuing Bank or the Swingline Lender, as the case may be, of the following:

(i) in the case of a Defaulting Lender, the Swingline Exposure and the LC Exposure of such Defaulting Lender is reallocated to the Non-Defaulting Lenders as provided in subsection (a)(iii) of this Section;

(ii) in the case of a Defaulting Lender, without limiting the provisions of subsection (a)(iv) of this Section, the Borrower Cash Collateralizes its reimbursement obligations in respect of such Letter of Credit or such Swingline Loan in an amount at least equal to the aggregate amount of the unreallocated obligations (contingent or otherwise) of such Defaulting Lender in respect of such Letter of Credit or such Swingline Loan, or the Borrower makes other arrangements

satisfactory to the Administrative Agent, the Issuing Bank and the Swingline Lender, as the case may be, in their sole discretion to protect them against the risk of non-payment by such Defaulting Lender; and

(iii) in the case of a Defaulting Lender, the Borrower agrees that the face amount of such requested Letter of Credit or the principal amount of such requested Swingline Loan will be reduced by an amount equal to the unreallocated, non-Cash Collateralized portion thereof as to which such Defaulting Lender would otherwise be liable, in which case the obligations of the Non-Defaulting Lenders in respect of such Letter of Credit or such Swingline Loan will, subject to the limitation in the proviso below, be on a *pro rata* basis in accordance with the Commitments of the Non-Defaulting Lenders, and the *pro rata* payment provisions of Section 2.19 will be deemed adjusted to reflect this provision; provided that the sum of each Non-Defaulting Lender's total Revolving Credit Exposure may not in any event exceed the Revolving Commitment of such Non-Defaulting Lender as in effect at the time of such reduction.

(d) Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of a Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 10.7 shall, unless the Administrative Agent determines that such application entails a material risk of violation of applicable law or order, be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the Issuing Bank and the Swingline Lender hereunder; third, to Cash Collateralize for the benefit of the Issuing Bank such Defaulting Lender's LC Exposure; fourth, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fifth, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize such Defaulting Lender's LC Exposure with respect to future Letters of Credit issued under this Agreement; sixth, to the payment of any amounts owing to the Lenders or the Issuing Bank as a result of any judgment of a court of competent jurisdiction obtained by any Lender or Issuing Bank against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or LC Disbursements in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 3.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LC Disbursements owed to, all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or LC Disbursements owed to, such Defaulting Lender until such time as the Revolving Credit Exposure of each Lender is held in accordance with such Lender's Commitment without giving effect to Section 2.25(a)(iii). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to this Section 2.25(d) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

ARTICLE III

CONDITIONS PRECEDENT TO LOANS AND LETTERS OF CREDIT

Section 3.1. Conditions To Effectiveness. This Agreement shall become effective, and the Lenders, the Swingline Lender and Issuing Bank shall be obligated to make the initial Loans and issue the initial Letters of Credit hereunder, upon the satisfaction of the following conditions, in

addition to the conditions precedent specified in Section 3.2:

(a) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Closing Date that have been invoiced to the Borrower, including reimbursement or payment of all out-of-pocket expenses (including reasonable fees, charges and disbursements of outside counsel to the Administrative Agent) required to be reimbursed or paid by the Borrower hereunder, under any other Loan Document and under any agreement with the Administrative Agent or SunTrust Robinson Humphrey, Inc. as Lead Arranger.

(b) The Administrative Agent (or its counsel) shall have received the following:

(i) a counterpart of this Agreement signed by or on behalf of each party hereto or written evidence satisfactory to the Administrative Agent (which may include telecopy or other electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement;

(ii) duly executed notes payable to each Lender and to the Swingline Lender, in each case, only if requested by such Lender at least one (1) Business Day prior to the Closing Date;

(iii) a certificate of the Secretary or Assistant Secretary of the Borrower, in the form of Exhibit 3.1(b)(iii), (A) attaching and certifying copies of the Borrower Partnership Agreement (B) attaching and certifying copies of the resolutions of the management committee of the Borrower and other appropriate authorizations, authorizing the execution, delivery and performance of the Loan Documents to which it is a party, (C) certifying the good standing of the Partnership in each jurisdiction in which the Pipeline is located, and (D) certifying the name, title and true signature of each officer of the Borrower executing the Loan Documents;

(iv) favorable written legal opinions, addressed to the Administrative Agent and each of the Lenders, and covering such matters relating to the Borrower, the Loan Documents and the transactions contemplated therein as the Administrative Agent or the Required Lenders shall reasonably request, of (a) Vinson & Elkins LLP, special New York counsel to the Borrower, and (b) Jon Dobson, in-house counsel to TransCanada USA Services Inc., an Affiliate of the Borrower;

(v) a certificate in the form of Exhibit 3.1(b)(v), dated the Closing Date and signed by a Responsible Officer, certifying that (A) all consents, approvals, authorizations, registrations and filings and orders required or advisable to be made or obtained under any Requirement of Law or by any Contractual Obligation of the Borrower, in connection with the execution, delivery, performance, validity and enforceability of the Loan Documents or any of the transactions contemplated thereby have been obtained, and such consents, approvals, authorizations, registrations, filings and orders shall be in full force and effect and all applicable waiting periods shall have expired, and no investigation or inquiry by any governmental authority regarding the Commitments or any transaction being financed with the proceeds thereof shall be ongoing, (B) no Default or Event of Default exists, (C) no default or event of default exists in respect of the Senior Notes or any other Indebtedness in an aggregate amount greater than or equal to the Designated

Threshold, (D) all representations and warranties of the Borrower set forth in the Loan Documents are true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and correct in all respects) (E) since the date of the financial statements of the Borrower described in Section 4.4, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect, and (F) the copies of the Designated Project Agreements in effect on the Closing Date which are attached as an exhibit to such certificate are true and correct copies of such Designated Project Agreements; provided, the only Service Agreements that are required to be attached shall be those Service Agreements with a contracted volume of 20,000 Dth/d or more;

(vi) copies of the audited financial statements for the Borrower and its Subsidiaries for the Fiscal Years ending December 31, 2015, December 31, 2016 and December 31, 2017;

(vii) projections of the Borrower during the five year period from December 31, 2017;

(viii) a certificate, dated as of the Closing Date and signed by the chief financial officer of the Borrower, confirming that the Borrower and each Subsidiary is Solvent before and after giving effect to the transactions contemplated to occur on the Closing Date; and

(ix) to the extent requested by the Administrative Agent, the Administrative Agent shall have received, a reasonable time prior to the Closing Date, all documentation and other information with respect to the Borrower and the Partner that the Administrative Agent reasonably believes is required by regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including without limitation, the Patriot Act.

Section 3.2. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit is subject to the satisfaction of the following conditions:

(a) at the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default or Event of Default shall exist;

(b) at the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, all representations and warranties of the Borrower set forth in the Loan Documents shall be true and correct in all material respects on and as of the date of such Borrowing or the date of issuance, amendment, extension or renewal of such Letter of Credit (except for representations and warranties expressly made as of a specified date, which shall be true and correct in all material respects as of such date), in each case before and after giving effect thereto; and

(c) the Borrower shall have delivered the required Notice of Borrowing.

Each Borrowing and each issuance, amendment, extension or renewal of any Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section 3.2.

Section 3.3. Delivery of Documents. All of the Loan Documents, certificates, legal opinions and other documents and papers referred to in this Article III, unless otherwise specified, shall be delivered to the Administrative Agent for the account of each of the Lenders and in sufficient counterparts

or copies for each of the Lenders and shall be in form and substance satisfactory in all respects to the Administrative Agent.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and each Lender as follows:

Section 4.1. Existence; Power. The Borrower and each of its Subsidiaries (i) is duly organized, validly existing and in good standing as a corporation, partnership or limited liability company under the laws of the jurisdiction of its organization, (ii) has all requisite power and authority to carry on its business as now conducted, and (iii) is duly qualified to do business, and is in good standing, in each jurisdiction where such qualification is required, except where a failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

Section 4.2. Organizational Power; Authorization. The execution, delivery and performance by the Borrower of the Loan Documents are within the Borrower's organizational powers and have been duly authorized by all necessary organizational, and if required, shareholder, partner or member, action. This Agreement has been duly executed and delivered by the Borrower, and constitutes, and each other Loan Document to which the Borrower is a party, when executed and delivered by the Borrower, will constitute, valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 4.3. Governmental Approvals; No Conflicts. The execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents (a) do not require any consent or approval of, registration or filing with, or any action by, any Governmental Authority (including, without limitation, any Governmental Approvals), except those as have been obtained or made and are in full force and effect, (b) will not violate any Requirements of Law applicable to the Borrower and any of its Subsidiaries, or any judgment, order or ruling of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding on the Borrower or any of its Subsidiaries or any of its assets or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries, in each case other than violations, defaults or rights which could not reasonably expected to result in a Material Adverse Effect, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries, except Liens (if any) created under the Loan Documents.

Section 4.4. Financial Statements. The Borrower has furnished to each Lender the audited consolidated balance sheet of the Borrower and its Subsidiaries as of December 31, 2017 and the related consolidated statements of income, partners' equity and cash flows for the Fiscal Year then ended prepared by KPMG LLP. Such financial statements fairly present in all material respects the consolidated financial condition of the Borrower and its Subsidiaries as of such dates and the consolidated results of operations for such periods in conformity with GAAP consistently applied. As of the Closing Date, since December 31, 2017, there have been no changes with respect to the Borrower and its Subsidiaries which have had or could reasonably be expected to have, singly or in the aggregate, a Material Adverse Effect.

Section 4.5. Litigation and Environmental Matters.

(a) No litigation, investigation or proceeding of or before any arbitrators or Governmental Authorities is pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect or (ii) which in any manner draws into question the validity or enforceability of this Agreement or any other Loan Document.

(b) Except for the matters set forth on Schedule 4.5, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability, that, in each case, could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

Section 4.6. Compliance with Laws and Agreements. The Borrower and each Subsidiary is in compliance with (a) its Tariff, all Requirements of Law and all judgments, decrees and orders of any Governmental Authority and (b) all indentures, agreements or other instruments binding upon it or its properties, except where non-compliance, either singly or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 4.7. Investment Company Act, Etc. Neither the Borrower nor any of its Subsidiaries is (a) an "investment company" or is "controlled" by an "investment company", as such terms are defined in, or subject to regulation under, the Investment Company Act of 1940, as amended or (b) otherwise subject to any other regulatory scheme limiting its ability to incur debt or requiring any approval or consent from or registration or filing with, any Governmental Authority in connection therewith, except those as have been obtained or made and are in full force and effect.

Section 4.8. Taxes. The Borrower and its Subsidiaries and each other Person for whose taxes the Borrower or any Subsidiary is liable have timely filed or caused to be filed all Federal income tax returns and all other material tax returns that are required to be filed by them, and have paid all taxes shown to be due and payable on such returns or on any assessments made against it or its property and all other taxes, fees or other charges imposed on

it or any of its property by any Governmental Authority, except where the same are currently being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as the case may be, has set aside on its books adequate reserves in accordance with GAAP. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of such taxes are adequate, and no tax liabilities that could be materially in excess of the amount so provided are anticipated.

Section 4.9. **Margin Regulations**. None of the proceeds of any of the Loans or Letters of Credit will be used, directly or indirectly, for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of such terms under Regulation U or for any purpose that violates the provisions of Regulation T, Regulation U or Regulation X. Neither the Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying "margin stock".

Section 4.10. **ERISA**. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. With respect to the Plans, (a) the present value of all accumulated benefit obligations under each Plan (based on the assumptions used

for purposes of Statement of Financial Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan, and (b) the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Plans, where the liability, if any, in (a) or (b) above could reasonably be expected to result in a Material Adverse Effect.

Section 4.11. **Ownership of Property**.

(a) Each of the Borrower and its Subsidiaries has good title to, or valid leasehold or easement interests in, all of its real and personal property material to the operation of its business, including all such properties reflected in the most recent audited consolidated balance sheet of the Borrower referred to in Section 4.4 or purported to have been acquired by the Borrower 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 except to the extent that the failure to have such good title or valid leasehold or easement or that the existence of such Liens could not reasonably be expected to result in a Material Adverse Effect. All leases that individually or in the aggregate are material to the business or operations of the Borrower and its Subsidiaries are valid and subsisting and are in full force.

(b) Except as could not reasonably be expected to result in a Material Adverse Effect, each of the Borrower and its Subsidiaries owns, or is licensed, or otherwise has the right, to use, all patents, trademarks, service marks, trade names, copyrights and other intellectual property material to its business, and the use thereof by the Borrower and its Subsidiaries does not infringe in any material respect on the rights of any other Person.

(c) The properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies, in such amounts with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or any applicable Subsidiary operates. Such insurance, with respect to the physical assets and business interruption only, may include self-insurance or be subject to co-insurance, deductibility or similar clauses which, in effect, result in self-insurance of certain losses, provided that such self-insurance is in accord with the approved practices of business enterprises of established reputation similarly situated, and, notwithstanding the foregoing provisions of this Section, the Borrower or any Subsidiary may effect workers' compensation or similar insurance in respect of operations in any state or other jurisdiction through an insurance fund operated by such state or other jurisdiction or by causing to be maintained a system or systems of self-insurance in accord with applicable laws.

Section 4.12. **Disclosure**. The Borrower has disclosed to the Lenders all agreements, instruments, and corporate or other restrictions to which the Borrower or any of its Subsidiaries is subject, and all other matters known to any of them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports (including without limitation all reports that the Borrower is required to file with the Securities and Exchange Commission), financial statements, certificates or other information furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation or syndication of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by any other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in each case when taken as a whole, in light of the circumstances under which they were made, not materially misleading.

Section 4.13. **Labor Relations**. There are no strikes, lockouts or other material labor disputes or grievances against the Borrower or any of its Subsidiaries, or, to the Borrower's knowledge, threatened against or affecting the Borrower or any of its Subsidiaries, and no significant unfair labor practice, charges or grievances are pending against the Borrower or any of its Subsidiaries, or to the Borrower's knowledge, threatened against any of them before any Governmental Authority. All payments due from the Borrower or any of its Subsidiaries pursuant to the provisions of any collective bargaining agreement have been paid or accrued as a liability on the books of the Borrower or any such Subsidiary, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 4.14. **Subsidiaries**. Schedule 4.14 sets forth the name of, the jurisdiction of incorporation or organization of, and the type of, each Subsidiary, in each case as of the Closing Date.

Section 4.15. **Solvency**. After giving effect to the execution and delivery of the Loan Documents, the making of the Loans under this Agreement, the Borrower, and the Borrower together with its Subsidiaries taken as a whole, will be Solvent.

Section 4.16. **OFAC**. The Borrower (i) is not a person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (ii) does not knowingly engage in any dealings or transactions prohibited by Section 2 of such executive order, or is not otherwise knowingly associated with any such person in any manner violative of Section 2 of such executive order, or (iii) is not a

person on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other OFAC regulation or executive order.

Section 4.17. **Patriot Act**. The Borrower is in compliance, in all material respects, with (i) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (ii) the Patriot Act. No part of the proceeds of the Loans 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.

Section 4.18. **Partnership Agreement**. The Borrower Partnership Agreement is in full force and effect.

Section 4.19. **EEA Financial Institution**. Neither the Borrower nor any Subsidiary is an EEA Financial Institution.

Section 4.20. **Sanctions**. The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with applicable Sanctions, and the Borrower, its Subsidiaries and their respective officers and employees and to the knowledge of the Borrower its directors and agents, are in compliance with applicable Sanctions that could result in a material fine or penalty to the Borrower or its Subsidiaries. None of the Borrower, any Subsidiary or to the knowledge of the Borrower or such Subsidiary any of their respective directors, officers, employees or agents is a Sanctioned Person. No part of the proceeds of any Loans hereunder will be used directly or indirectly (i) 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 and in effect from time to time in any respect that is material in relation to the business, operations, assets or properties of the Borrower and its Subsidiaries taken as a whole; or (ii) to fund any operations in, finance any investments or activities in or make any payments to a Sanctioned Person or a Sanctioned Country.

Section 4.21. **Project Agreements**. The Project Agreements have been duly authorized, executed and delivered by the Borrower or PNGTS Operating Co, as the case may be, and constitute valid and legally binding agreements of the Borrower or PNGTS Operating Co., as the case may be, enforceable against the Borrower 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 similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Termination Date, the Borrower covenants and agrees that:

Section 5.1. **Financial Statements and Other Information**. The Borrower will deliver to the Administrative Agent and, pursuant to the procedures described in Section 10.1(b)(i), each Lender:

(a) as soon as available and in any event within 120 days after the end of each Fiscal Year of Borrower, a copy of the annual audited report for such Fiscal Year for the Borrower and its Subsidiaries, containing a consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Year and the related consolidated statements of income, partners' equity and cash flows (together with all footnotes thereto) of the Borrower and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and reported on by KPMG LLP or other independent public accountants of nationally recognized standing (without a "going concern" or like qualification, exception or explanation and without any qualification or exception as to scope of such audit) to the effect that such financial statements present fairly in all material respects the financial condition and the results of operations of the Borrower and its Subsidiaries for such Fiscal Year on a consolidated basis in accordance with GAAP and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards;

(b) as soon as available and in any event within 60 days after the end of each of the first three Fiscal Quarters of the Borrower, an unaudited consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter and the related unaudited consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such Fiscal Quarter and the then elapsed portion of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding quarter and the corresponding portion of Borrower's previous Fiscal Year;

(c) concurrently with the delivery of the financial statements referred to in clauses (a) and (b) above, a Compliance Certificate signed by a Responsible Officer;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Borrower with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all functions of said Commission, and all annual financial reports which the Borrower files with FERC or the Department of Energy; provided,

that the Borrower's financial reports filed with FERC or the Department of Energy required to be delivered pursuant to Section 6.01(d) may be deemed delivered on the date on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Agent have access (whether a commercial, governmental or third-party website);

(e) promptly upon the entering into thereof, copies of any amendments, supplements or other modifications of or to the Joint Facilities Ownership Agreement or the Joint Facilities Operating Agreement; and

(f) promptly following any request therefor, such other information regarding the results of operations, business affairs and financial condition of the Borrower or any Subsidiary as the Administrative Agent or any Lender may reasonably request.

Section 5.2. **Notices of Material Events**. The Borrower will furnish to the Administrative Agent prompt written notice of the following:

(a) the occurrence of any Default or Event of Default;

(b) (i) the filing or commencement of, or any material development in, any action, suit or proceeding by or before any arbitrator or Governmental Authority against or, to the knowledge of the Borrower, affecting the Borrower or any Subsidiary which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect and (ii) to the extent clause (i) above does not apply, 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;

(c) the occurrence of any event or any other development by which the Borrower or any of its Subsidiaries (i) fails to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) becomes subject to any Environmental Liability, (iii) receives notice of any claim with respect to any Environmental Liability, or (iv) becomes aware of any basis for any Environmental Liability and in each of the preceding clauses, which individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(d) the occurrence of any ERISA Event that alone, or together with any other ERISA Events that have occurred, since the Closing Date, could reasonably be expected to result in liability of the Borrower and its Subsidiaries in an aggregate amount exceeding the Designated Threshold;

(e) the occurrence of any default or event of default, or the receipt by Borrower or any of its Subsidiaries of any written notice of an alleged default or event of default, in respect of (a) any Indebtedness under the Senior Note Documents, unless irrevocable notice of repayment has been sent to the holders of the Senior Notes and (ii) any other Indebtedness of the Borrower or any of its Subsidiaries in excess of the Designated Threshold;

(f) the occurrence of any material default under any Service Agreement with a Shipper or any action or inaction by itself or any Shipper which but for the lapse of time or the giving of notice or both would become a material default under its Service Agreement which could reasonably be expected to result in a Material Adverse Effect, accompanied by a written statement of a Responsible Officer which sets forth, so far as is known to such officer, the relevant details of such default, action or inaction and any action the Borrower or the Shipper has taken or proposes to take with respect thereto;

(g) the occurrence of any material default under the Joint Facilities Operating Agreement or any action or inaction by itself or any counterparty thereto which but for the lapse of time or the giving of notice or both would become a material default under the Joint Facilities Operating Agreement which could reasonably be expected to result in a Material Adverse Effect, accompanied by a written statement of a Responsible Officer which sets forth, so far as is known to such officer, the relevant details of such default, action or inaction and any action the Borrower or any counterparty thereto has taken or proposes to take with respect thereto;

(h) to the extent clause (f) or (g) above does not apply, any material dispute between the Borrower or any Subsidiary and any other Person party to a Project Agreement which could reasonably be expected to result in a Material Adverse Effect, accompanied by a written statement of a Responsible Officer which sets forth, so far as is known to such officer, the relevant details of such dispute and any action the Borrower or such Subsidiary or such other Person has taken or proposes to take with respect thereto;

(i) to the extent clause (f), (g) or (h) above or Section 5.15 does not apply, promptly, and in any event no later than thirty days following receipt thereof, copies of all written notices of default received by the Borrower or a Subsidiary under any Project Agreement or the PXP Precedent Agreement; and

(j) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section 5.2 shall be accompanied by a written statement of a Responsible Officer setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.3. **Existence; Conduct of Business**. The Borrower will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence and its respective rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business and will continue to engage in the same business as presently conducted or such other businesses that are reasonably related thereto; provided, that nothing in this Section 5.3 shall prohibit any conversion, merger, consolidation, liquidation or dissolution permitted under Section 7.3.

Section 5.4. **Compliance with Laws, Etc.** The Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and requirements of any Governmental Authority applicable to its business and properties, including, without limitation, all Governmental Approvals, Environmental Laws, ERISA and OSHA, except where the failure to do so, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Borrower will maintain in effect and enforce policies and procedures reasonably designed to promote and achieve compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents which are acting or benefitting in any capacity in connection with this Agreement with Anti-Corruption Laws and applicable Sanctions.

Section 5.5. **Payment of Obligations.** The Borrower will, and will cause each of its Subsidiaries to, pay and discharge at or before maturity, all of its obligations and liabilities (including without limitation all taxes, assessments and other governmental charges, levies and all other claims that could result in a statutory Lien) before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested

in good faith by appropriate proceedings and the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP

or (b) the failure to make any such payment could not reasonably be expected to result in a Material Adverse Effect.

Section 5.6. **Books and Records**. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities to the extent necessary to prepare the consolidated financial statements of Borrower in conformity with law or GAAP and RAP with respect to which such Person is required to maintain written records in relation to its business and activities.

Section 5.7. **Visitation, Inspection, Etc.** The Borrower will, and will cause each of its Subsidiaries to, permit any representative of the Administrative Agent or any Lender, to visit and inspect its properties, to examine its books and records and to make copies and take extracts therefrom, and to discuss its affairs, finances and accounts with any of its officers and with its independent certified public accountants, all at such reasonable times and as often as the Administrative Agent or any Lender may reasonably request after reasonable prior notice to the Borrower; provided, however, if an Event of Default has occurred and is continuing, no prior notice shall be required; provided, further, that any such visits or inspections shall be subject to such conditions as the Borrower and each of its Subsidiaries shall deem necessary based on reasonable considerations of safety and security; and provided, further, that neither the Borrower nor any Subsidiary shall be required to disclose to the Administrative Agent or any representatives thereof any information which is subject to the attorney-client privilege or attorney work-product privilege properly asserted by the applicable Person to prevent the loss of such privilege in connection with such information or which is prevented from disclosure pursuant to a confidentiality agreement with third parties.

Section 5.8. **Maintenance of Properties; Insurance**. The Borrower will, will cause each of its Subsidiaries to, and will exercise commercially reasonable efforts under the terms of the Joint Facilities Operating Agreement to cause the operator of the Joint Facilities to, (a) keep and maintain all property material to the conduct of its business (including the PNGTS North System and the Joint Facilities, as applicable) in good working order and condition, ordinary wear and tear excepted, and operate and construct such property in substantial conformity with all applicable Project Agreements, Good Pipeline Practices and all applicable material Governmental Approvals and (b) maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business, and the properties and business of its Subsidiaries, against loss or damage of the kinds customarily insured against by companies in the same or similar businesses operating in the same or similar locations. Such insurance, with respect to the physical assets and business interruption only, may include self-insurance or be subject to co-insurance, deductibility or similar clauses which, in effect, result in self-insurance of certain losses, provided that such self-insurance is in accord with the approved practices of business enterprises of established reputation similarly situated, and, notwithstanding the foregoing provisions of this Section, the Borrower, any Subsidiary or the operator of the Joint Facilities may effect workers' compensation or similar insurance in respect of operations in any state or other jurisdiction through an insurance fund operated by such state or other jurisdiction or by causing to be maintained a system or systems of self-insurance in accord with applicable laws.

Section 5.9. **Use of Proceeds and Letters of Credit**. The Borrower will use the proceeds of all Loans to refinance existing indebtedness, to finance permitted acquisitions, to pay related fees and expenses, to issue Letters of Credit and to provide for working capital needs and for other general business purposes of the Borrower and its Subsidiaries, including capital expenditures. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that would violate any rule or regulation of the Board of Governors of the Federal Reserve System, including Regulation T, Regulation U or Regulation X. All Letters of Credit will be used for general business purposes.

Section 5.10. **Pari Passu Status**. The Borrower will ensure the claims and rights of the Lenders against it under this Agreement and each other Loan Document will not be subordinate to, and will rank at all times at least *pari passu* with, all other unsecured Indebtedness of the Borrower. The Borrower will not amend, modify or supplement the Senior Note Documents or the Senior Notes in any manner that would make them materially more onerous to the Borrower than the provisions of this Agreement and the notes as in effect from time to time (it being understood and accepted that the Senior 5.90% Notes are permitted to be secured (subject to Section 5.14) and the security provisions of the Senior Secured 5.90% Note Documents as in effect on the Closing Date are acceptable to the Lenders).

Section 5.11. **Maintenance of Tax Status**. Subject to Section 7.3 and to the extent permitted by Requirements of Law, the Borrower shall take all action necessary to prevent the Borrower from being, and will take no action which would have the effect of causing the Borrower to be, treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes.

Section 5.12. **Performance of Project Agreements; Enforcement of Tariff.** The Borrower shall, and shall cause its Subsidiaries to, (a) use commercially reasonable efforts to 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, in each case of clause (b) or (c) a failure to do so could not reasonably be expected to have a Material Adverse Effect. In addition, the Borrower shall use its best efforts to cause the Tariff to remain effective.

Section 5.13. **Shipper Credit Quality**. Except as could not reasonably be expected to have a Material Adverse Effect, the Borrower will require all Shippers to meet the creditworthiness standards of the Tariff and, if necessary, to provide credit enhancement consistent with the Tariff.

Section 5.14. **Senior Secured 5.90% Notes**. On or prior to September 30, 2018, the Borrower shall (a) repay, or refinance, in full, all outstanding obligations owing under the Senior Secured 5.90% Notes and deliver to the Administrative Agent (i) evidence of such repayment or refinancing (e.g., a wire transfer statement) and (ii) file-stamped UCC-3 termination statements from the appropriate filing office in each jurisdiction where a UCC-1 financing statement was filed and remains effective for purposes of perfecting the Lien on the obligations under the Senior Secured 5.90% Notes and (b) use reasonable best efforts to deliver after such date (to the extent not otherwise delivered) to the Administrative Agent documentation necessary to evidence the termination and release of any and each controlled deposit account in existence with respect to the Lien on the obligations under the Senior Secured 5.90% Notes; provided, that, for the avoidance of doubt, the Borrower will not create, incur, assume or suffer to exist any Lien in connection with a refinancing unless such Lien is otherwise permitted under Section 7.2.

Section 5.15. PXP Precedent Agreement Events. .

(a) Notice of PXP Precedent Agreement Events. Promptly (and in no event later than five Business Days after the occurrence thereof), the Borrower will furnish the Administrative Agent (for further delivery to the Lenders):

(i) written notice of any of the following: (A) the occurrence of any material default under the PXP Precedent Agreement or any action or inaction by itself or any counterparty; (B) any amendment, modification, supplement or waiver of the PXP Precedent Agreement, individually or in the aggregate, with all other such amendments, modifications, supplements and waivers of the PXP Precedent Agreement; (C) failure to (1) perform and observe all material terms and provisions of the PXP Precedent Agreement, or (2) enforce the PXP Precedent Agreement in

accordance with its terms; or (D) termination of the PXP Precedent Agreement prior to its stated termination date;

in each case of clauses (A), (B), (C) or (D), which, in the reasonable business discretion of the Borrower, could be expected to result in the Borrower being unable to deliver the applicable Compliance Certificate to the Administrative Agent for any of the three succeeding delivery dates required pursuant to Section 5.1(c) that would demonstrate the Borrower is in compliance with the applicable Leverage Ratio required under Section 6.1 for the applicable period (a "PXP Precedent Agreement Event"); and

(ii) a certificate from the Principal Executive Officer, Principal Financial Officer or Treasurer of the Borrower attaching financial projections setting forth, for the Fiscal Quarter in which the PXP Precedent Agreement Event occurred and the next three succeeding Fiscal Quarters thereafter, (i) Consolidated Total Debt as of the last day of each applicable Fiscal Quarter, (ii) Consolidated EBITDA for the four consecutive Fiscal Quarters ending on the last day of each applicable Fiscal Quarter and (iii) compliance or non-compliance, as applicable with the applicable Leverage Ratios required under Section 6.1, in each case, after giving effect to the PXP Precedent Agreement Event (with supporting calculations reasonably acceptable to the Administrative Agent) (the "PXP Projections").

(b) Remedial Actions.

(i) On the 90th day after the occurrence of a PXP Precedent Agreement Event, the Borrower shall deliver a certificate to the Administrative Agent (for further delivery to the Lenders) from the Principal Executive Officer, Principal Financial Officer or Treasurer of the Borrower attaching financial projections which update the PXP Projections (including updates as to compliance or non-compliance of the applicable Leverage Ratios set forth in the PXP Projections), in each case, after giving effect to any event, act, condition or occurrence of whatever nature, whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, resulting in, in the reasonable business discretion of the Borrower, any changes to the PXP Projections (accompanied by supporting calculations reasonably acceptable to the Administrative Agent) (the "Updated PXP Projections").

(ii) If the Updated PXP Projections do not demonstrate that the Borrower can comply with each of the various Leverage Ratio requirements set forth in the PXP Projections, within thirty (30) days from the required delivery date of the Updated PXP Projections, the Borrower shall prepay (up to an amount necessary to reduce the Consolidated Total Debt of the Borrower by an amount sufficient to demonstrate compliance with each such Leverage Ratio in the Updated PXP Precedent Projections) (A) first, any outstanding Obligations under this Agreement in accordance with the terms of this Agreement and (B) second, any other outstanding Indebtedness of the Borrower and its Subsidiaries.

ARTICLE VI

FINANCIAL COVENANT

Until the Termination Date, the Borrower covenants and agrees that:

Section 6.1. Leverage Ratio. The Borrower will maintain at all times a Leverage Ratio of not greater than 5.00:1.00 (the "Required Threshold"); provided, however, that if the Borrower consummates one or more acquisitions permitted hereunder with a total consideration of $25,000,000 or more during any Fiscal Quarter, then the Required Threshold shall be increased to 5.50 to 1.00 for (i) the Fiscal Quarter in which such acquisition occurs (the "Acquisition Quarter") and (ii) the two (2) Fiscal Quarters following the Acquisition Quarter, and shall be decreased to 5.00 to 1.00 as of the last day of each Fiscal Quarter thereafter (unless subsequently increased pursuant to this proviso in connection with another acquisition permitted hereunder). For the purposes of computing the Leverage Ratio, Consolidated EBITDA shall include Material Project EBITDA Adjustments.

ARTICLE VII

NEGATIVE COVENANTS

Until the Termination Date, the Borrower covenants and agrees that:

Section 7.1. Indebtedness. The Borrower will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except Indebtedness in an aggregate outstanding principal amount at any one time outstanding not to exceed 5% of Partners' Capital at such time. Borrower will not, and will not permit any Subsidiary to, issue any preferred stock or other preferred equity interests that (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) is or may become redeemable or repurchaseable by Borrower or such Subsidiary at the option of the holder thereof, in whole or in part or (iii) is convertible or exchangeable at the option of the holder thereof for Indebtedness or preferred stock or any other preferred equity interests described in this paragraph, on or prior to, in the case of clause (i), (ii) or (iii), the first anniversary of the Revolving Commitment Termination Date.

Section 7.2. Negative Pledge. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired or, except:

(a) Permitted Encumbrances;

(b) any Liens on any property or asset of the Borrower or any Subsidiary existing on the Closing Date set forth on Schedule 7.2; provided, that such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary;

(c) purchase money Liens upon or in any fixed or capital assets to secure the purchase price or the cost of construction or improvement of such fixed or capital assets or to secure Indebtedness incurred solely for the purpose of financing the acquisition, construction or improvement of such fixed or capital assets (including Liens securing any Capital Lease Obligations); provided, that (i) such Lien secures Indebtedness not prohibited by Section 7.1, (ii) such Lien attaches to such asset concurrently or within 90 days after the acquisition, improvement or completion of the construction thereof; (iii) such Lien does not extend to any other asset; (iv) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets, and (v) the aggregate outstanding amount of Indebtedness secured by all such Liens does not exceed 5% of Partners' Capital at any time;

(d) any Lien (i) existing on any asset of any Person at the time such Person becomes a Subsidiary of the Borrower, (ii) existing on any asset of any Person at the time such Person is merged with or into the Borrower or any Subsidiary of the Borrower or (iii) existing on any asset prior to the

acquisition thereof by the Borrower or any Subsidiary of the Borrower; provided, that any such Lien was not created in the contemplation of any of the foregoing and any such Lien secures only those obligations which it secures on the date that such Person becomes a Subsidiary or the date of such merger or the date of such acquisition;

(e) extensions, renewals, or replacements of any Lien referred to in paragraphs (a) through (d) of this Section 7.2 (other than extensions, renewals, or replacements of the Lien securing the obligations owed pursuant to the Senior Secured 5.90% Notes); provided, that the principal amount of the Indebtedness secured thereby is not increased (except by an amount equal to unpaid accrued interest and premium (including applicable prepayment penalties) thereon plus fees and expenses reasonably incurred in connection therewith) and that any such extension, renewal or replacement is limited to the assets originally encumbered thereby;

(f) Liens on cash and cash equivalents granted pursuant to master netting agreements entered into in the ordinary course of business in connection with Hedging Transactions; provided that (i) the transactions secured by such Liens are governed by standard International Swaps and Derivatives Association, Inc. ("ISDA") documentation, and (ii) such Hedging Transactions consist of derivative transactions contemplated to be settled in cash and not by physical delivery and are designed to minimize the risk of fluctuations in oil and gas prices, interest rates or foreign currency rates with respect to the Borrower's and its Subsidiaries' operations in the ordinary course of its business;

(g) Liens pursuant to master netting agreements entered into in the ordinary course of business in connection with Hedging Transactions, in each case pursuant to which the Borrower or any Subsidiary of the Borrower, as a party to such master netting agreement and as pledgor, pledges or otherwise transfers to the other party to such master netting agreement, as pledgee, in order to secure the Borrower's or such Subsidiary's obligations under such master netting agreement, a Lien upon and/or right of set off against, all right, title, and interest of the pledgor in any obligations of the pledgee owed to the pledgor, together with all accounts and general intangibles and payment intangibles in respect of such obligations and all dividends, interest, and other proceeds from time to time received, receivable, or otherwise distributed in respect of, or in exchange for, any or all of the foregoing; and

(h) any Liens in favor of the Administrative Agent arising under Section 2.20(g).

Section 7.3. Fundamental Changes.

(a) The Borrower will not, and will not permit any Subsidiary to, merge into or consolidate into any other Person, or permit any other Person to merge into or consolidate with it, or sell, lease, transfer or otherwise dispose of (in a single transaction or a series of transactions) all of its assets (in each case, whether now owned or hereafter acquired) or all or substantially all of the stock of or other equity interest in any of its Subsidiaries (in each case, whether now owned or hereafter acquired) or liquidate or dissolve; provided, that if at the time thereof and immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing, then (i) the Borrower or any Subsidiary may merge with a Person if the Borrower (or such Subsidiary if the Borrower is not a party to such merger) is the surviving Person, (ii) any Subsidiary may merge into another Subsidiary; (iii) any Subsidiary may sell, transfer, lease or otherwise dispose of all or substantially all of its assets to the Borrower or to another Subsidiary of the Borrower; and (iv) any Subsidiary may sell, lease, transfer or otherwise dispose of (in a single transaction or a series of transactions) all of its assets (in each case, whether now owned or hereafter acquired) or all or substantially all of the stock of or other equity interest or may liquidate or dissolve if no Default or Event of Default has occurred and is continuing or would result therefrom, and the Borrower determines in good faith that such sale, lease, transfer, disposition, liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; provided, however, that (x)

in no event shall any such merger, consolidation, sale, transfer, lease or other disposition whether or not otherwise permitted by this Section 7.3 have the effect of releasing the Borrower from any of its obligations and liabilities under this Agreement or the other Loan Documents and (y) in no event shall the Borrower merge or consolidate with or into any other Person, or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its business and assets (whether now owned or hereafter acquired) to, any Person.

(b) The Borrower shall not lease, sell or otherwise dispose of its assets to any other Person except: (i) sales of inventory and other assets in the ordinary course of business, (ii) leases, sales or other dispositions of its assets that, together with all other assets of Borrower previously leased, sold or disposed of (other than disposed of pursuant to this Section 7.3(b)) during the twelve-month period ending with the month in which any such lease, sale or other disposition occurs, do not constitute a substantial portion of the assets of Borrower, (iii) sales of assets which are concurrently leased back,

(iv) dispositions of assets which are obsolete or no longer used or useful in the business of Borrower, and (v) as permitted pursuant to Section 11 of the Borrower Partnership Agreement.

(c) The Borrower will not, and will not permit any of its Subsidiaries to, engage in any business other than the operation of the Pipeline, the construction and operation of additions, extensions and expansions related to the Pipeline, the ownership and operation of any other pipelines, gas storage facilities and related equipment and Property, and services related to the transportation and marketing of natural gas transportation services.

Notwithstanding anything in this Section 7.3 or in Section 5.3 to the contrary, upon thirty (30) days prior written notice to the Administrative Agent, the Borrower may convert into a corporation, limited liability company or partnership, in each case, formed in a state of the United States of America; provided, that (x) no Default or Event of Default has occurred or is continuing or would result therefrom, (y) the continuing or surviving Person shall assume the obligations of the Borrower pursuant to documents reasonably acceptable to the Administrative Agent (including, without limitation, all consents, approvals, authorizations, registrations and filings and orders required or advisable to be made or obtained under any Requirement of Law or by any Contractual Obligation of the Borrower) and (z) concurrently with the effectiveness of such conversion, this Agreement shall be amended to reflect the changes in, *inter alia*, the Borrower's organizational identity and its organizational or governing documents (including, without limitation, Section 5.11 to reflect the different tax structure, as necessary) so that the terms of this Agreement and the other Loan Documents upon the effectiveness of such conversion are no less favorable to the Lenders than the terms of this Agreement and the other Loan Documents in effect immediately prior to such conversion.

Section 7.4. Investments, Loans, Etc. The Borrower will not, and will not permit any of its Subsidiaries to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly-owned Subsidiary prior to such merger), any common stock, evidence of indebtedness or other securities (including any option, warrant, or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person (all of the foregoing being collectively called "Investments"), or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person that constitute a business unit, or create or form any Subsidiary, except:

(a) Investments (other than Permitted Investments) existing on the date hereof and set forth on Schedule 7.4 (including Investments in Subsidiaries);

(b) Permitted Investments;

(c) Guarantees constituting Indebtedness permitted by Section 7.1;

(d) loans or advances to employees, officers or directors of the Borrower or any Subsidiary in the ordinary course of business for travel, relocation and related expenses; provided, however, that the aggregate amount of all such loans and advances does not exceed $1,000,000 at any one time outstanding;

(e) Hedging Transactions permitted by Section 7.10;

(f) Investments consisting of advances in the ordinary course of business in the operation of the Pipeline, the construction of additional gas compressor facilities on the Pipeline or the retrofitting of gas compressor facilities existing on the Pipeline;

(g) Purchases or other acquisitions of the capital stock or obligations of, or any interest in, any other Person not in excess in the aggregate for all such purchases and acquisitions of 5% of Partners' Capital, provided that after giving effect to such purchase or acquisition, no Event of Default shall have occurred and be continuing or will result therefrom; or

(h) Investments permitted by Section 7.3(c).

Section 7.5. Restricted Payments. The Borrower will not, and will not permit its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any dividend on any class of its stock, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, retirement, defeasance or other acquisition of, any Capital Stock or Indebtedness subordinated to the Obligations of the Borrower or any Guarantee thereof or any options, warrants, or other rights to purchase such Capital Stock or such Indebtedness, whether now or hereafter outstanding (each, a "Restricted Payment"), except for (i) dividends payable by the Borrower solely in shares of any class of its Capital Stock, (ii) Restricted Payments made by any Subsidiary to the Borrower or to another Subsidiary, on at least a pro rata basis with any other holders of Capital Stock if such Subsidiary is not wholly owned by the Borrower and other wholly owned Subsidiaries, and (iii) if no Event of Default has occurred or would result therefrom, distributions on the partnership interests in accordance with the Borrower Partnership Agreement.

Section 7.6. Reserved.

Section 7.7. Transactions with Affiliates. Except as set forth in Schedule 7.7, the Borrower will not, and will not permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, and (b) any Restricted Payment permitted by Section 7.5.

Section 7.8. Restrictive Agreements. The Borrower will not, and will not permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrower or any Subsidiary to create, incur or permit any Lien upon any of its assets or properties, whether now owned or hereafter acquired, to secure any Obligations, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to its partnership interests, to make or repay loans or advances to the Borrower or any other Subsidiary, to Guarantee Indebtedness of the Borrower or any other Subsidiary or to transfer any of its property or assets to the Borrower or any Subsidiary of the Borrower; provided, that (i) the foregoing shall not apply to

restrictions or conditions imposed by law or by this Agreement or any other Loan Document, (ii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is sold and such sale is permitted hereunder, (iii) the foregoing shall not apply to restrictions contained in the Senior Note Documents as in effect on the Closing Date or contained in any documents governing any Indebtedness incurred after the Closing Date and not prohibited by the provisions of this Agreement so long as such restrictions are not more restrictive than those contained in the Senior Note Documents as in effect on the Closing Date, (iv) the foregoing shall not apply to, in the case of any joint venture, customary restrictions in such person's organizational or governing documents or pursuant to any joint venture agreement or stockholders agreement, (v) the foregoing shall not apply to any agreement in effect at the time a Person first became a Subsidiary, so long as such agreement was not entered into solely in contemplation of such Person becoming a Subsidiary and such agreement only applies to Subsidiaries of such Person, (vi) clause (a) shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions and conditions apply only to the property or assets securing such Indebtedness and (vii) clause (a) shall not apply to customary provisions in leases restricting the assignment thereof.

Section 7.9. **Government Regulations**. The Borrower will not conduct its business in such a way that it will become subject to regulation under the Investment Company Act of 1940, as amended, the Federal Power Act, as amended, or any other law (other than Regulation T, Regulation U, and Regulation X of the Board of Governors of the Federal Reserve System) which regulates the incurrence of Indebtedness.

Section 7.10. **Hedging Transactions**. The Borrower will not, and will not permit any of the Subsidiaries to, enter into any Hedging Transaction, other than Hedging Transactions entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business or the management of its liabilities. Solely for the avoidance of doubt, the Borrower acknowledges that a Hedging Transaction entered into for speculative purposes or of a speculative nature (which shall be deemed to include any Hedging Transaction under which the Borrower or any of the Subsidiaries is or may become obliged to make any payment (i) in connection with the purchase by any third party of any common stock or any Indebtedness or (ii) as a result of changes in the market value of any common stock or any Indebtedness) is not a Hedging Transaction entered into in the ordinary course of business to hedge or mitigate risks.

Section 7.11. **Accounting Changes**. The Borrower will not, and will not permit any of its Subsidiaries to, make any significant change in accounting treatment or reporting practices, except as required by law or GAAP or RAP with respect to which the Borrower and its Subsidiaries is required to maintain written records in relation to its business and activities, or change the fiscal year of the Borrower or of any of its Subsidiaries, except to change the fiscal year of a Subsidiary to conform its fiscal year to that of the Borrower.

Section 7.12. **Restrictions on Agreements Governing Indebtedness**. The Borrower will not, and will not permit any of its Subsidiaries to, enter into or otherwise become a party to any agreement governing Indebtedness of the Borrower or such Subsidiary which contains any mandatory redemption or "put rights" with respect to such Indebtedness.

Section 7.13. **Certain Actions Related to Cash Distribution Policies, Borrower Partnership Agreement and Designated Project Agreements**. The Borrower agrees that it shall not, and shall not permit any Subsidiary to, consent to, vote in favor of or permit (a) any amendment of (i) its cash distribution policies in any manner which would result in a Material Adverse Effect or materially adversely affect the rights and remedies of Lenders under and in connection with this Agreement, any notes or any

other Loan Document or (ii) the Borrower Partnership Agreement, in any manner which would (x) have a material adverse effect on the rights and remedies of Lenders under and in connection with this Agreement, any notes or any other Loan Document or (y) result in a Material Adverse Effect or (b) any amendment, modification, supplement or waiver of any Designated Project Agreement, nor shall the Borrower initiate, or cause any of its Subsidiaries to initiate, any such amendment, modification, supplement or waiver of any such Designated Project Agreement which could, individually or in the aggregate, with all other such amendments, modifications, supplements and waivers of the Designated Project Agreements, reasonably be expected to result in a Material Adverse Effect.

Section 7.14. **Sanctions**. The Borrower will not, and will not permit any Subsidiary to, use the proceeds of any Loans hereunder (i) for the purpose of funding, financing or facilitating any activities, business or transactions of or with any Sanctioned Person, or in any Sanctioned Country, or (ii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

Section 7.15. **Government Regulation**. The Borrower will not, and will not permit any of its Subsidiaries to, (a) be or become subject at any time to any law, regulation or list of any Governmental Authority of the United States (including, without limitation, the OFAC list) that prohibits or limits the Lenders or the Administrative Agent from making any advance or extension of credit to the Borrower or from otherwise conducting business with the Borrower or its Subsidiaries, or (b) fail to provide documentary and other evidence of the identity of the Borrower or its Subsidiaries as may be requested by the Lenders or the Administrative Agent at any time to enable the Lenders or the Administrative Agent to verify the identity of the Borrower or its Subsidiaries or to comply with any applicable law or regulation, including, without limitation, Section 326 of the Patriot Act at 31 U.S.C. Section 5318.

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.1. **Events of Default.** If any of the following events (each an "Event of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or of any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment or otherwise; or

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount payable under clause (a) of this Section 8.1) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) days; or

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary in or in connection with this Agreement or any other Loan Document (including the Schedules attached thereto) and any amendments or modifications hereof or waivers hereunder, or in any certificate, report, financial statement or other document submitted to the Administrative Agent or the Lenders by the Borrower or any representative of the Borrower pursuant to or in connection with this Agreement or any other Loan Document shall prove to be incorrect in any material respect when made or deemed made or submitted; or

(d) the Borrower shall fail to observe or perform any covenant or agreement contained in Sections 5.1, 5.2, 5.3 (with respect to the Borrower's existence), 5.14 or 5.15 or Articles VI or VII; or

(e) the Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those referred to in clauses (a), (b) and (d) above) or any other Loan Document, and such failure shall remain unremedied for 30 days after the earlier of the date (i) any Responsible Officer becomes aware of such failure, or (ii) written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(f) the Borrower or any Subsidiary (whether as primary obligor or as guarantor or other surety) shall fail to pay any principal of, or premium or interest on, any Indebtedness (other than the Loans and Letters of Credit) (i) pursuant to the Senior Notes and Senior Notes Document or (ii) in excess of the Designated Threshold, when and as the same shall become due and payable (whether at scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument evidencing or governing such Indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or any offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity thereof; or

(g) the Borrower or any Subsidiary shall (i) commence a voluntary case or other proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official of it or any substantial part of its property, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (i) of this Section 8.1, (iii) apply for or consent to the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Borrower or any such Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take any action for the purpose of effecting any of the foregoing; or

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Subsidiary or its debts, or any substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Borrower or any Subsidiary or for a substantial part of its assets, and in any such case, such proceeding or petition shall remain undismissed for a period of 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(i) the Borrower or any Subsidiary shall become unable to pay, shall admit in writing its inability to pay, or shall fail to pay, its debts as they become due; or

(j) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with other ERISA Events that have occurred, could reasonably be expected to result in liability to the Borrower or any of its Significant Subsidiaries in an aggregate amount exceeding the Designated Threshold: or

(k) any judgment or order for the payment of money in excess of the Designated Threshold in the aggregate shall be rendered against the Borrower or any Subsidiary, and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be a period of 30 consecutive days during which a stay of enforcement of such judgment or

order, by reason of a pending appeal or otherwise, shall not be in effect provided, however, that any such judgment or order shall not be an Event of Default under this Section 8.1(k) if and for so long as (i) the amount of such judgment or order is covered (subject to customary deductibles) by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (ii) such insurer, which shall be rated at least "A-" by A.M. Best Company, has been notified of, and has not denied coverage of, the amount of such judgment or order; or

(l) any non-monetary judgment or order shall be rendered against the Borrower or any Subsidiary that could reasonably be expected to have a Material Adverse Effect, and there shall be a period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(m) a Change in Control shall occur or exist; or

(n) an occurrence under the Joint Facilities Operating Agreement or the Joint Facilities Ownership Agreement which would give rise to the right of any of the Borrower's counterparties thereto to terminate the Joint Facilities Operating Agreement or the Joint Facilities Ownership Agreement, respectively, and such right to terminate shall be continuing for a period in excess of 45 days after the occurrence giving rise to such right; or

(o) 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, within ninety days of such termination, the Borrower shall be attempting in good faith to enter into (as evidenced by periodic reports to the Administrative Agent) and shall have entered into, a Material Additional Contract providing the Borrower with comparable rights and obligations as those found in the terminated

Designated Project Agreement such that the Borrower 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; or

(p) any Loan Document shall, at any time after its execution and delivery and for any reason, cease to be in full force and effect in any material respect, or be declared to be null and void (other than in accordance with the terms hereof or thereof), or the validity or enforceability thereof be contested by the Borrower, or the Borrower shall deny in writing that it has any or any further liability or obligations under any Loan Document to which it is a party; or

(q) any event or condition shall occur or exist with respect to any activity or substance regulated under Environmental Laws and, as a result of such event or condition, the Borrower or any of its Subsidiaries shall have incurred or in the opinion of the Required Lenders will be reasonably likely to incur a liability in excess of the Designated Threshold during any consecutive twelve (12) month period; or

(r) the Borrower shall dissolve, liquidate, or otherwise terminate its existence or the Borrower Partnership Agreement; or

(s) (i) the Borrower or any Subsidiary or any Partner or any parent company thereof shall seek, or shall directly or indirectly cause any Person to seek, in any proceeding before the FERC or any other administrative or legal authority in the United States or Canada to rescind or terminate or to have repealed or declared invalid the Tariff, or to suspend, amend or modify the Tariff in any respect, which may reasonably be expected to have a Material Adverse Effect on the Borrower's ability to perform its obligations under the Loan Documents, (ii) the Borrower or any Subsidiary shall have filed 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 or other Governmental Approvals relating thereto, (iii) 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 or other Governmental Approvals relating thereto, or (iv) the Borrower or any Subsidiary shall otherwise, directly or indirectly, abandon the Pipeline or cease to pursue operations of the Pipeline for a period in excess of ninety days; provided, however, that no Event of Default shall occur under this Section 8.1(s)(i) solely by reason of the taking of any action required to be taken by any such Person to satisfy the requirements of any order of any court or regulatory authority having jurisdiction;

then, and in every such event (other than an event with respect to the Borrower described in clause (g) or (h) of this Section 8.1) and at any time thereafter during the continuance of such event, the Administrative Agent may, and upon the written request of the Required Lenders shall, by notice to the Borrower, take any or all of the following actions, at the same or different times: (i) terminate the Commitments, whereupon the Commitment of each Lender shall terminate immediately, (ii) declare the principal of and any accrued interest on the Loans, and all other Obligations owing hereunder, to be, whereupon the same shall become, due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, (iii) exercise all remedies contained in any other Loan Document, and (iv) exercise any other remedies available at law or in equity; and that, if an Event of Default specified in either clause (g) or (h) of this Section 8.1 shall occur, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon, and all fees, and all other Obligations shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

ARTICLE IX

THE ADMINISTRATIVE AGENT

Section 9.1. Appointment of Administrative Agent.

(a) Each Lender irrevocably appoints SunTrust Bank as the Administrative Agent and authorizes it to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent under this Agreement and the other Loan Documents, together with all such actions and powers that are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder or under the other Loan Documents by or through any one or more sub-agents or attorneys-in-fact appointed by the Administrative Agent. The Administrative Agent and any such sub-agent or attorney-in-fact may perform any and all of its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions set forth in this Article shall apply to any such sub-agent or attorney-in-fact and the Related Parties of the Administrative Agent, any such sub-agent and any such attorney-in-fact and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Administrative Agent.

(b) The Issuing Bank shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith until such time and except for so long as the Administrative Agent may agree at the request of the Required Lenders to act for the Issuing Bank with respect thereto; provided, that the Issuing Bank shall have all the benefits and immunities (i) provided to the Administrative Agent in this Article with respect to any acts taken or omissions suffered by the Issuing Bank in connection with Letters of Credit issued by it or proposed to be issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "Administrative Agent" as used in this Article included the Issuing Bank with respect to such acts or omissions and (ii) as additionally provided in this Agreement with respect to the Issuing Bank.

(c) It is understood and agreed that the use of the term "agent" herein or in any other Loan Document (or any similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties.

Section 9.2. Nature of Duties of Administrative Agent. The Administrative Agent shall not have any duties or obligations except those expressly set forth in this Agreement and the other Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing, (b) the

Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except those discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law and (c) except as expressly set forth in the Loan Documents, 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 Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it, its sub-agents or attorneys-in-fact with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2) or in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final non-appealable judgment. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents or attorneys-in-fact except to the extent that a court of competent jurisdiction determines in a final and nonappelable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents. The Administrative Agent shall not be deemed to have knowledge of any Default or Event of Default unless and until written notice thereof (which notice shall include an express reference to such event being a "Default" or "Event of Default" hereunder) is given to the Administrative Agent by the Borrower or any Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements, or other terms and conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article III or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. The Administrative Agent may consult with legal counsel (including counsel for the Borrower) concerning all matters pertaining to such duties.

Section 9.3. Lack of Reliance on the Administrative Agent. Each of the Lenders, the Swingline Lender and the Issuing Bank acknowledges that it has, independently and without reliance upon the Administrative Agent, the Issuing Bank or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each of the Lenders, the Swingline Lender and the Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Issuing Bank or any other Lender and based on such documents and information as it has deemed appropriate, continue to make its own

decisions in taking or not taking of any action under or based on this Agreement, any related agreement or any document furnished hereunder or thereunder.

Section 9.4. Certain Rights of the Administrative Agent. If the Administrative Agent shall request instructions from the Required Lenders with respect to any action or actions (including the failure to act) in connection with this Agreement, the Administrative Agent shall be entitled to refrain from such act or taking such act, unless and until it shall have received instructions from such Lenders; and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder in accordance with the instructions of the Required Lenders where required by the terms of this Agreement.

Section 9.5. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, posting or other distribution) believed by it to be genuine and to have been signed, sent or made by the proper Person. The Administrative Agent may also rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of such counsel, accountants or experts.

Section 9.6. The Administrative Agent in its Individual Capacity. The bank serving as the Administrative Agent shall have the same rights and powers under this Agreement and any other Loan Document in its capacity as a Lender as any other Lender and may exercise or refrain from exercising the same as though it were not the Administrative Agent; and the terms "Lenders", "Required Lenders", "holders of notes", or any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity. The bank acting as the Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if it were not the Administrative Agent hereunder.

Section 9.7. Successor Administrative Agent.

(a) The Administrative Agent may resign at any time by giving notice thereof to the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent, subject to the approval by the Borrower provided that no Default or Event of Default shall exist at such time. If no successor Administrative Agent shall have been so appointed, and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent, which shall be a commercial bank organized under the laws of the United States of America or any state thereof or a bank which maintains an office in the United States, having a combined capital and surplus of at least $500,000,000.

(b) Upon the acceptance of its appointment as the Administrative Agent hereunder by a successor, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. If within 45 days after written notice is given of the retiring Administrative Agent's resignation under this Section 9.7 no successor Administrative Agent shall have been appointed and shall have accepted such appointment, then on such 45th day (i) the retiring Administrative Agent's resignation

shall become effective, (ii) the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under the Loan Documents and (iii) the Required Lenders shall thereafter perform all duties of the retiring Administrative Agent under the Loan Documents until such time as the Required Lenders appoint a successor Administrative Agent as provided above. After any retiring Administrative Agent's resignation hereunder, the provisions of this Article shall continue in effect for the benefit of such retiring Administrative Agent and its representatives and agents in respect of any actions taken or not taken by any of them while it was serving as the Administrative Agent.

(c) In addition to the foregoing, if a Lender becomes, and during the period it remains, a Defaulting Lender, and if any Default has arisen from a failure of the Borrower to comply with Section 2.25(a), then the Issuing Bank and the Swingline Lender may, upon prior written notice to the Borrower and the Administrative Agent, resign as Issuing Bank or as Swingline Lender, as the case may be, effective at the close of business Atlanta, Georgia time on a date specified in such notice (which date may not be less than five (5) Business Days after the date of such notice).

Section 9.8. Withholding Tax.

(a) To the extent required by any applicable law, the Administrative Agent may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax. If the Internal Revenue Service or any authority of the United States or any other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by the Borrower and without limiting any applicable obligation of the Borrower to do so) fully for all amounts paid, directly or indirectly, by the Administrative Agent as Tax or otherwise, including penalties and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses.

(b) Without duplication of any indemnity provided under subsection (a) of this Section, each Lender shall also indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes or Other Taxes attributable to such Lender (to the extent that the Administrative Agent has not already been reimbursed by the Borrower and without limiting any applicable obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.4(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this subsection.

Section 9.9. Administrative Agent May File Proofs of Claim.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower, the Administrative Agent (irrespective of whether the principal of any Loan or any Revolving Credit Exposure shall then be due and payable as herein expressed or by declaration or otherwise and irrespective

of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans or Revolving Credit Exposure and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Bank and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Issuing Bank and the Administrative Agent and its agents and counsel and all other amounts due the Lenders, the Issuing Bank and the Administrative Agent under Section 10.3) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same.

(b) Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the Issuing Bank to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuing Bank, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 10.3.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or the Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 9.10. Authorization to Execute other Loan Documents. Each Lender hereby authorizes the Administrative Agent to execute on behalf of all Lenders all Loan Documents other than this Agreement.

Section 9.11. Co-Documentation Agents. Each Lender hereby designates Citibank, N.A., HSBC Bank Canada, JPMorgan Chase Bank, N.A. and Mizuho Bank, Ltd., as Co-Documentation Agents and agrees that the Co-Documentation Agents shall have no duties or obligations under any Loan Documents to any Lender or the Borrower.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices.

(a) Written Notices.

(i) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications to any party herein to be effective shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

To the Borrower:	Portland Natural Gas Transmission System 700 Louisiana Street, Suite 10177 Houston, Texas 77002 Attention: Chief Financial Officer Telephone: (832) 320-5282 Telecopy: (832) 320-6201
with a copy to:	Portland Natural Gas Transmission System c/o TransCanada PipeLines Limited 450 1st Street SW Calgary, Alberta T2P 5H1 Attention: Treasurer Telephone:(403) 920-7272 Telecopy: (403) 920-2358
To the Administrative Agent or Swingline Lender:	SunTrust Bank 3333 Peachtree Road, 8th Floor Atlanta, Georgia 30326 Attention: Carmen Malizia Telecopy Number: (404) 439-7455
With a copy to:	SunTrust Bank Agency Services 303 Peachtree Street, N.E. / 25th Floor Atlanta, Georgia 30308 Attention: Agency Services Manager Telecopy Number: (404) 495-2170 and King & Spalding LLP 100 N Tryon Street, Suite 3900 Charlotte, NC 28202 Attention: W. Todd Holleman Telecopy Number: (704) 503-2622
To the Issuing Bank:	SunTrust Bank 25 Park Place, N.E. / Mail Code 3706 / 16th Floor Atlanta, Georgia 30303 Attention: Standby Letter of Credit Dept. Telecopy Number: (404) 588-8129
To the Swingline Lender:	SunTrust Bank Agency Services 303 Peachtree Street, N.E. / 25th Floor Atlanta, Georgia 30308 Attention: Doug Weltz Telecopy Number: (404) 495-2170

To any other Lender:	the address set forth in the Administrative Questionnaire or the Assignment and Acceptance executed by such Lender

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All such notices and other communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the mail or if delivered, upon delivery; provided, that notices delivered to the Administrative Agent, the Issuing Bank or the Swingline Lender shall not be effective until actually received by such Person at its address specified in this Section 10.1.

(ii) Any agreement of the Administrative Agent and the Lenders herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Borrower. The Administrative Agent and the Lenders shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower to give such notice and the Administrative Agent and Lenders shall not have any liability to the Borrower or other Person on account of any action taken or not taken by the Administrative Agent or the Lenders in reliance upon such telephonic or facsimile notice. The obligation of the Borrower to repay the Loans and all other Obligations hereunder shall not be affected in any way or to any extent by any failure of the Administrative Agent and the Lenders to receive written confirmation of any telephonic or facsimile notice or the receipt by the Administrative Agent and the Lenders of a confirmation which is at variance with the terms understood by the Administrative Agent and the Lenders to be contained in any such telephonic or facsimile notice.

(b) Electronic Communications.

(i) Notices and other communications to the Lenders and the Issuing Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or the Issuing Bank pursuant to Article II unless such Lender, the Issuing Bank, as applicable, and the Administrative Agent have agreed to receive notices under any Section thereof by electronic communication and have agreed to the procedures governing such communications. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(ii) Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Certification of Public Information. The Borrower and each Lender acknowledge that certain of the Lenders may be Public Lenders and, if documents or notices required to be delivered pursuant to Section 5.1 or Section 5.2 otherwise are being distributed through Syndtrak, Intralinks or any

other Internet or intranet website or other information platform (the "Platform"), any document or notice that the Borrower has indicated contains Non-Public Information shall not be posted on that portion of the Platform designated for such Public Lenders. The Borrower agrees to clearly designate all information provided to the Administrative Agent by or on behalf of the Borrower which is suitable to make available to Public Lenders. If the Borrower has not indicated whether a document or notice delivered pursuant to Section 5.1 or Section 5.2 contains Non-Public Information, the Administrative Agent reserves the right to post such document or notice solely on that portion of the Platform designated for Lenders who wish to receive Non-Public Information.

(d) Private Side Information Contacts. Each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable law, including Unites States federal and state securities laws, to make reference to information that is not made available through the "Public Side Information" portion of the Platform and that may contain Non-Public Information with respect to the Borrower, its Affiliates or any of their securities or loans for purposes of United States federal or state securities laws. In the event that any Public Lender has determined for itself not to access any information disclosed through the Platform or otherwise, such Public Lender acknowledges that (i) other Lenders may have availed themselves of such information and (ii) neither the Borrower nor the Administrative Agent has any responsibility for such Public Lender's decision to limit the scope of the information it has obtained in connection with this Agreement and the other Loan Documents.

Section 10.2. Waiver; Amendments.

(a) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or any other Loan Document, and no course of dealing between the Borrower and the Administrative Agent or any Lender**,** shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power hereunder or thereunder. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies provided by law. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 10.2, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or the issuance of a Letter of Credit shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default or Event of Default at the time.

(b) No amendment or waiver of any provision of this Agreement or the other Loan Documents (other than the Fee Letter), nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Required Lenders or the Borrower and the Administrative Agent with the consent of the Required Lenders and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, that, subject to Section 2.14(b), no amendment or waiver shall: (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the date fixed for any payment of any principal of, or interest on, any Loan or LC Disbursement or interest thereon or any fees hereunder or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date for the

termination or reduction of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.19(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender or waive or amend any condition set forth in Section 3.1, (v) change any of the provisions of this Section 10.2 or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders which are required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the consent of each Lender; (vi) release any guarantor or limit the liability of any such guarantor under any guaranty agreement, without the written consent of each Lender, except in connection with a merger, consolidation or asset disposition expressly permitted under this Agreement; (vii) release all or substantially all collateral (if any) securing any of the Obligations, without the written consent of each Lender; provided further, that no such agreement shall amend, modify or otherwise affect the rights, duties or obligations of the Administrative Agent, the Swingline Lender or the Issuing Bank without the prior written consent of such Person. Notwithstanding anything contained herein to the contrary, this Agreement may be amended and restated without the consent of any Lender (but with the consent of the Borrower and the Administrative Agent) if, upon giving effect to such amendment and restatement, such Lender shall no longer be a party to this Agreement (as so amended and restated), the Commitments of such Lender shall have terminated (but such Lender shall continue to be entitled to the benefits of Sections 2.16, 2.17, 2.18 and 10.3), such Lender shall have no other commitment or other obligation hereunder and shall have been paid in full all principal, interest and other amounts owing to it or accrued for its account under this Agreement.

(c) Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to vote on or consent to any amendment or waiver under this Agreement if such amendment or waiver does not (i) disproportionately in an adverse manner affect the rights of such Defaulting Lender, or (ii) increase or extend such Defaulting Lender's Commitment hereunder or reduce the principal owed to such Defaulting Lender or extend the final maturity thereof; provided, that any amendment to this clause (c) shall require the consent of all Lenders, including any Defaulting Lenders.

Section 10.3. Expenses; Indemnification.

(a) The Borrower shall pay (i) all reasonable, out-of-pocket documented costs and expenses of the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of one outside counsel for the Administrative Agent and its Affiliates, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents and any amendments, modifications or waivers thereof (whether or not the transactions contemplated in this Agreement or any other Loan Document shall be consummated), (ii) all reasonable, out-of-pocket, documented expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all documented costs and expenses incurred by the Administrative Agent, the Issuing Bank or any Lender in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section 10.3, or in connection with the Loans made or any Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit; provided that the Borrower shall only be responsible for reimbursing the legal fees and expenses of one outside counsel for the Administrative Agent, the Issuing Bank and the Lenders except that if an Event of Default has occurred and is continuing and the Required Lenders determine in good faith that a conflict of interest does or may exist in connection with such legal representation and advise the Borrower of such actual or potential conflict of interest and engage their own separate counsel (limited to one outside counsel for the Lenders separate from that of the Administrative Agent), the legal fees and expenses of such separate counsel shall also be paid or reimbursed.

(b) The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and the Issuing Bank, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any of its Subsidiaries arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Subsidiary, and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, (y) result from a claim brought by the Borrower or any other Subsidiary against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower or such Subsidiary has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) result from a claim brought by one Indemnitee against another Indemnitee (other than the Administrative Agent, the Swingline Lender or the Issuing Bank, in their capacities as such). No Indemnitee shall be liable for any damages arising from the use by others of any information or other materials obtained through any Platform, except as a result of such Indemnitee's gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and non-appealable judgment.

(c) To the extent that the Borrower fails to pay any amount required to be paid to the Administrative Agent, the Issuing Bank or the Swingline Lender under clauses (a) or (b) hereof, each Lender severally agrees to pay to the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be, such Lender's Pro Rata Share (determined as of the time that the unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided, that the unreimbursed expense or indemnified payment, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Issuing Bank or the Swingline Lender in its capacity as such.

(d) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to actual or direct damages) arising out of, in connection with or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated therein, any Loan or any Letter of Credit or the use of proceeds thereof; provided that nothing in this clause (d) shall relieve the borrower of any obligation it may have to indemnify any Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(e) All amounts due under this Section 10.3 shall be payable promptly after written demand therefor.

Section 10.4. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Revolving Credit Exposure outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Revolving Credit Exposure of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Acceptance, as of the Trade Date) shall not be less than $5,000,000 and in minimum increments of $1,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Revolving Credit Exposure or the Commitment assigned.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments to a Person that is not a Lender with a Commitment; and

(C) the consent of the Issuing Bank (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding), and the consent of the Swingline Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the Revolving Commitments.

(iv) Assignment and Acceptance. The parties to each assignment shall deliver to the Administrative Agent (A) a duly executed Assignment and Acceptance, (B) a processing and recordation fee of $3,500, (C) an Administrative Questionnaire unless the assignee is already a Lender and (D) the documents required under Section 2.18(e) if such assignee is a Foreign Lender.

(v) No Assignment to Borrower. No such assignment shall be made to the Borrower or any of the Borrower's Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section 10.4, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.16, 2.17, 2.18 and 10.3 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided that, except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in Atlanta, Georgia a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Revolving Credit Exposure owing to, each Lender pursuant to the terms hereof from time to time (the

"Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice; information contained in the Register shall also be available for inspection by the Borrower at any reasonable time and from time to time upon reasonable prior notice. In establishing and maintaining the Register, the Administrative Agent shall serve as the Borrower's agent solely for tax purposes and solely with respect to the actions described in this Section, and the Borrower hereby agrees that, to the extent SunTrust Bank serves in such capacity, SunTrust Bank and its officers, directors, employees, agents, sub-agents and affiliates shall constitute "Indemnitees" .

(d) Any Lender may at any time, without the consent of, or notice to, the Borrower, the Administrative Agent, the Swingline Lender or the Issuing Bank sell participations to any Person (other than a natural person, the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Lenders, Issuing Bank and Swingline Lender shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register in the United States on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive, absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(e) Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver with respect to the following to the extent affecting such Participant: (i) increase the Commitment of such Lender, (ii) reduce the principal amount of any Loan owing to, or any participation in an LC Disbursement or Swingline Loan held by, such Lender or reduce the rate of interest thereon, or reduce any fees payable to such Lender hereunder, (iii) postpone the date fixed for any repayment of any principal of any Loan owing to, or any participation in an LC Disbursement or Swingline Loan held by, such Lender or interest thereon or any fees payable to such Lender hereunder or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date for the termination or reduction of any Commitment; provided, however, that this clause (iii) shall not apply to the postponement of the date fixed for, or the waiver of any requirement by the Borrower to make, any optional prepayment under Section 2.10 (it being understood that such postponement or waiver shall be effective with the written consent of the Required Lenders), (iv) change Section 2.19(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, (v) change any of the provisions of this Section 10.4 or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders which are required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the consent of each Lender; (vi) release any guarantor or limit the liability of any such guarantor under any guaranty agreement, except in connection with a merger, consolidation or asset disposition expressly permitted under this Agreement; or (vii) release all or substantially all collateral (if any) securing any of the Obligations. Subject to paragraph (e) of this Section 10.4, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.16, 2.17, and 2.18 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section 10.4. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.7 as though it were a Lender, provided such Participant agrees to be subject to Section 2.19 as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.16 and Section 2.18 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant, after disclosure of such greater payment, is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.18 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.18(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 10.5. Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement and the other Loan Documents shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof except for Sections 5-1401 and 5-1402 of the New York General Obligations Law) of the State of New York.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the United States District Court of the Southern District of New York, and of any state court of the State of Supreme Court of the State of New York sitting in New York county and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the extent permitted by applicable law, such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in paragraph (b) of this Section 10.5 and brought in any court referred to in paragraph (b) of this Section 10.5. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 10.1. Nothing in this Agreement or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 10.6. **WAIVER OF JURY TRIAL**. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT

NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.7. **Right of Setoff**. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, each Lender and the Issuing Bank shall have the right, at any time or from time to time upon the occurrence and during the continuance of an Event of Default, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, to set off and apply against all deposits (general or special, time or demand, provisional or final) of the Borrower at any time held or other obligations at any time owing by such Lender and the Issuing Bank to or for the credit or the account of the Borrower against any and all Obligations held by such Lender or the Issuing Bank, as the case may be, irrespective of whether such Lender or the Issuing Bank shall have made demand hereunder and although such Obligations may be unmatured; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.26(b) and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Banks, and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. Each Lender and the Issuing Bank agrees promptly to notify the Administrative Agent and the Borrower after any such set-off and any application made by such Lender or the Issuing Bank, as the case may be; provided that the failure to give such notice shall not affect the validity of such set-off and application. Each Lender and the Issuing Bank agrees to apply all amounts collected from any such set-off to the Obligations before applying such amounts to any other Indebtedness or other obligations owed by the Borrower and any of its Subsidiaries to such Lender or the Issuing Bank..

Section 10.8. **Counterparts; Integration**. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Agreement, the Fee Letter, the other Loan Documents, and any separate letter agreement(s) relating to any fees payable to the Administrative Agent constitute the entire agreement among the parties hereto and thereto regarding the subject matters hereof and thereof and supersede all prior agreements and understandings, oral or written, regarding such subject matters. Delivery of an executed counterpart to this Agreement or any other Loan Document by facsimile transmission or by electronic mail in pdf format shall be as effective as delivery of a manually executed counterpart hereof.

Section 10.9. **Survival**. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or Event of Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.16, 2.17, 2.18, and 10.3 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans,

the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof as the case may be provided that the provisions of Sections 2.16, 2.17, and 2.18 shall only survive and remain in full force and effect until the first anniversary of the Revolving Commitment Termination Date. All representations and warranties made herein, in the certificates, reports, notices, and other documents delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement and the other Loan Documents, and the making of the Loans and the issuance of the Letters of Credit.

Section 10.10. **Severability**. Any provision of this Agreement or any other Loan Document held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.11. **Confidentiality**. Each of the Administrative Agent, the Issuing Bank and each Lender agrees to take normal and reasonable precautions to maintain the confidentiality of any confidential information provided to it by the Borrower or any Subsidiary, except that such information may be disclosed (i) to any Related Party of the Administrative Agent, the Issuing Bank or any such Lender, including without limitation accountants, legal counsel and other advisors with a reasonable need for such information (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential on substantially the same terms as

provided herein), (ii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iii) to the extent requested by any regulatory agency or authority or self-regulatory body having or claiming authority to regulate or oversee any aspect of the Administrative Agent's or any Lender's business or businesses, (iv) to the extent that such information becomes publicly available other than as a result of a breach of this Section 10.11, or which becomes available to the Administrative Agent, the Issuing Bank, any Lender or any Related Party of any of the foregoing on a non-confidential basis from a source other than the Borrower, (v) in connection with the exercise of any remedy hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (vi) subject to provisions substantially similar to this Section 10.11, to any actual or prospective assignee or Participant, or (vii) with the consent of the Borrower. Any Person required to maintain the confidentiality of any information as provided for in this Section 10.11 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such information as such Person would accord its own confidential information; provided that, in the case of clauses (ii) or (iii), with the exception of disclosure to bank regulatory authorities, the Administrative Agent, the Issuing Bank and each Lender agree, to the extent practicable and legally permissible, to give the Borrower prompt prior notice so that it may seek a protective order or other appropriate remedy.

Section 10.12. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which may be treated as interest on such Loan under applicable law (collectively, the "Charges"), shall exceed the maximum lawful rate of interest (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by a Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section 10.12 shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount,

together with interest thereon at the Federal Funds Rate to the date of repayment (to the extent permitted by applicable law), shall have been received by such Lender.

Section 10.13. Waiver of Effect of Corporate Seal. The Borrower represents and warrants that it is not required to affix its corporate seal to this Agreement or any other Loan Document pursuant to any Requirement of Law or regulation, agrees that this Agreement is delivered by Borrower under seal and waives any shortening of the statute of limitations that may result from not affixing the corporate seal to this Agreement or such other Loan Documents.

Section 10.14. Patriot Act. The Administrative Agent and each Lender to whom the Patriot Act applies hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify 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 or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Patriot Act. The Borrower shall, and shall cause each of its Subsidiaries to, provide to the extent commercially reasonable, such information and take such other actions as are reasonably requested by the Administrative Agent or any Lender in order to assist the Administrative Agent and the Lenders in maintaining compliance with the Patriot Act.

Section 10.15. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees and acknowledges its Affiliates' understanding that (i) (A) the services regarding this Agreement provided by the Administrative Agent and/or the Lenders are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Administrative Agent and the Lenders, on the other hand, (B) the Borrower has consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate, and (C) the Borrower is capable of evaluating and understanding, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) each of the Administrative Agent and the Lenders is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person, and (B) neither the Administrative Agent nor any Lender has any obligation to the Borrower or any of its Affiliates with respect to the transaction contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and each of the Administrative Agent and the Lenders has no obligation to disclose any of such interests to the Borrower or any of its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Administrative Agent or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 10.16. No General Partner Liability. The Administrative Agent and Lenders agree for themselves and their respective successors, participants and assigns, including any subsequent holder of any note, that any claim against the Borrower which may arise under any Loan Document shall be made only against and shall be limited to the assets of the Borrower, and that no judgment, order or execution entered in any suit, action or proceeding, whether legal or equitable, on this Agreement, such note or any of the other Loan Documents shall be obtained or enforced against any general partner of the Borrower or its assets for the purpose of obtaining satisfaction and payment of such note, the Obligations evidenced thereby, any other Obligation or any claims arising thereunder or under this Agreement or any other Loan Document, any right to proceed against any general partner of the Borrower individually or their respective representatives or assets being hereby expressly waived, renounced and remitted by the

Administrative Agent and Lenders for themselves and their respective successors, participants and assigns. Nothing in this Section 10.16, however, shall be construed so as to prevent the Administrative Agent, any Lender or any other holder of any note from commencing any action, suit or proceeding with respect to or causing legal papers to be served upon any general partner of the Borrower for the purpose of obtaining jurisdiction over the Borrower.

Section 10.17. Location of Closing. Each Lender and the Issuing Bank acknowledges and agrees that it has delivered, with the intent to be bound, its executed counterparts of this Agreement to the Administrative Agent, c/o King & Spalding LLP, 1185 Avenue of the Americas, New York, New York 10036. The Borrower acknowledges and agrees that it has delivered, with the intent to be bound, its executed counterparts of this Agreement and each other Loan Document, together with all other documents, instruments, opinions, certificates and other items required under Section 3.1, to the Administrative

Agent, c/o King & Spalding LLP, 1185 Avenue of the Americas, New York, New York 10036. All parties agree that the closing of the transactions contemplated by this Agreement has occurred in New York.

Section 10.18. **Acknowledgement and Consent to Bail-In of EEA Financial Institutions**. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

Section 10.19. **Certain ERISA Matters**

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, SunTrust Robinson Humphrey, Inc., as Lead Arranger, and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, SunTrust Robinson Humphrey, Inc., as Lead Arranger, and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that:

(i) none of the Administrative Agent, SunTrust Robinson Humphrey, Inc., as Lead Arranger, or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto),

(ii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement is independent (within the meaning of 29 CFR § 2510.3-21) and is a bank, an insurance carrier, an investment adviser, a broker-dealer or other person that holds, or has under management or control, total assets of at least $50 million, in each case as described in 29 CFR § 2510.3-21(c)(1)(i)(A)-(E),

(iii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement is capable of evaluating

investment risks independently, both in general and with regard to particular transactions and investment strategies (including in respect of the Obligations),

(iv) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement is a fiduciary under ERISA or the Code, or both, with respect to the Loans, the Letters of Credit, the Commitments and this Agreement and is responsible for exercising independent judgment in evaluating the transactions hereunder, and

(v) no fee or other compensation is being paid directly to the Administrative Agent, SunTrust Robinson Humphrey, Inc., as Lead Arranger, or any their respective Affiliates for investment advice (as opposed to other services) in connection with the Loans, the Letters of Credit, the Commitments or this Agreement.

(c) The Administrative Agent and SunTrust Robinson Humphrey, Inc., as Lead Arranger, hereby inform the Lenders that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Letters of Credit, the Commitments and this Agreement, (ii) may recognize a gain if it extended the Loans, the Letters of Credit or the Commitments for an amount less than the amount being paid for an interest in the Loans, the Letters of Credit or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

Section 10.20. Non-Recourse. Notwithstanding anything to the contrary herein or in the other Loan Documents, the Obligations of the Borrower under this Agreement, and the other Loan Documents, 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 (other than the Borrower), or any shareholder, partner, officer, director, employee, agent or advisor of any such Partner or such Affiliate; no action shall be brought against any Partner or any of its Affiliates (other than the Borrower), or any shareholder, partner, officer, director, employee, agent or advisor of any thereof as such, and any judicial proceedings a Lender or the Administrative 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 now or at any time hereafter securing the Borrower's obligations under this Agreement and the other Loan Documents; and no judgment for any deficiency upon the obligations hereunder or under this Agreement, or under the other Loan Documents shall be obtainable by the Administrative Agent or any Lender against any Partner or of any of its Affiliates (other than the Borrower) or any shareholder, partner, officer, director, employee, agent or advisor of any thereof. Nothing in this Section 10.19 shall be construed so as to prevent the Administrative Agent or the Lenders from commencing any action, suit or proceeding against the Borrower or causing legal papers to be served upon any Partner for the purpose of obtaining jurisdiction over the Borrower.

(remainder of page left intentionally blank)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

PORTLAND NATURAL GAS TRANSMISSION SYSTEM

By _____
Name:
Title:

By _____
Name:
Title:

[SIGNATURE PAGE TO THE PNGTS REVOLVING CREDIT AGREEMENT]

SUNTRUST BANK,
as Administrative Agent, as Issuing Bank, as Swingline Lender and as a Lender

By _____
Name:
Title:

[SIGNATURE PAGE TO THE PNGTS REVOLVING CREDIT AGREEMENT]

[OTHER],
as a Lender

By _____
Name:
Title:

[SIGNATURE PAGE TO THE PNGTS REVOLVING CREDIT AGREEMENT]

Schedule I

APPLICABLE MARGIN AND APPLICABLE PERCENTAGE

Pricing Level	Rating Category (S&P/Moody's/Fitch)	Applicable Margin for Eurodollar Loans	Applicable Margin for Base Rate Loans	Applicable Percentage for Commitment Fee
I	A or greater /A2 or greater /A or greater	0.875% per annum	0.000% per annum	0.075% per annum
II	A-/A3/A-	1.000% per annum	0.000% per annum	0.100% per annum
III	BBB+/Baa1/BBB+	1.125% per annum	0.125% per annum	0.150% per annum
IV	BBB/Baa2/BBB	1.250% per annum	0.250% per annum	0.200% per annum
V	BBB- or lesser/Baa3 or lesser/BBB- or lesser	1.500% per annum	0.500% per annum	0.225% per annum

The credit ratings to be utilized for purposes of this Schedule are those assigned to the senior, unsecured long-term debt securities of the Borrower without third-party credit enhancement, whether or not any such debt securities are actually outstanding, and any rating assigned to any other debt security of the Borrower shall be disregarded. The rating in effect on any date is that in effect at the close of business on such date; provided, that (1) at any time the ratings are available from each of S&P, Moody's and Fitch and there is a difference in such ratings, then the majority rating will apply, unless there is no majority, in which case the middle rating will apply, (2) at any time ratings are available from only two of S&P, Moody's and Fitch and there is a split rating, then the higher of such ratings will apply, unless there is a rating differential of more than one level, in which case the level that is one level lower than the higher rating will apply, or (3) at any time there is only one rating available from S&P, Moody's or Fitch, such rating will apply. If the Borrower is not rated by any of Moody's, S&P or Fitch, then the rate shall be established by reference to Level V.

If the rating system of Moody's, S&P or Fitch shall change, or if any such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower, the Required Lenders and the Administrative Agent shall negotiate in good faith to amend this Schedule to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Margin and the Applicable Percentage shall be determined by reference to the rating most recently in effect prior to any such change or cessation. If after a reasonable time the parties cannot agree to a mutually acceptable amendment, the Applicable Margin and the Applicable Percentage shall be determined by reference to Level V.

Schedule II

COMMITMENT AMOUNTS

Lender	Revolving Commitment Amount
SunTrust Bank	$ 25,000,000
Citibank, N.A.	$ 17,500,000
HSBC Bank Canada	$ 17,500,000
JPMorgan Chase Bank, N.A.	$ 17,500,000
Mizuho Bank, Ltd.	$ 17,500,000
Bank of America, N.A.	$ 15,000,000
MUFG Bank, Ltd.	$ 15,000,000

SCHEDULE 4.5

ENVIRONMENTAL MATTERS

[BORROWER TO PROVIDE]

SCHEDULE 4.14

SUBSIDIARIES

[BORROWER TO PROVIDE]

SCHEDULE 7.2

EXISTING LIENS

[BORROWER TO PROVIDE]

SCHEDULE 7.4

EXISTING INVESTMENTS

[BORROWER TO PROVIDE]

SCHEDULE 7.7

TRANSACTIONS WITH AFFILIATES

1. [BORROWER TO PROVIDE.]

Exhibit 31.1

CERTIFICATION OF
PRINCIPAL EXECUTIVE 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: May 2, 2018

/s/ Nathaniel A. Brown

Nathaniel A. Brown

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, William C. Morris, 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: May 2, 2018

/s/ William C. Morris

William C. Morris

Principal Financial Officer, Vice President and Treasurer
TC PipeLines GP, Inc., as General Partner of
TC PipeLines, LP

Exhibit 32.1

CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER

I, Nathaniel A. Brown , 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 March 31, 2018 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: May 2, 2018
/s/ Nathaniel A. Brown
Nathaniel A. Brown

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, William C. Morris, Principal Financial Officer, Vice-President and Treasurer 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 March 31, 2018 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: May 2, 2018

/s/ William C. Morris

William C Morris

Principal Financial Officer, Vice President and Treasurer
TC PipeLines GP, Inc., as General Partner of
TC PipeLines, LP

Great Lakes
Gas Transmission Company

TRANSPORTATION SERVICE AGREEMENT
Contract Identification FT18759

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: April 26, 2017

2. CONTRACT IDENTIFICATION: FT18759

3. RATE SCHEDULE: FT

4. SHIPPER TYPE: Interstate Pl

5. STATE/PROVINCE OF INCORPORATION: Delaware

6. TERM: April 01, 2018 to March 31, 2019

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): 10,100
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: Kay Dennison
Kay Dennison
Title: Director, Transportation Accounting and Contracts

DJ 5/1/17

CW 5-5-17

ANR PIPELINE COMPANY

By: Joseph E. Pollard
Signature

Joseph E. Pollard
Please Print

Title: Director, Long Term Marketing
Please Print

APPENDIX A
Contract Identification FT18759

Date: April 26, 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)
04/01/2018	03/31/2019	FARWELL		10,100	974
04/01/2018	03/31/2019		FORTUNE LAKE	10,100	974