UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2006

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: 000-26091

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)
110 Turnpike Road, Suite 203 **Westborough, Massachusetts** (Address of principal executive offices)	**01581** (Zip code)

508-871-7046
(Registrant's telephone number, including area code)

Indicate by check mark if 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 ☒ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerate filer" in Rule 12b-2 of the Exchange Act.
Large accelerated filer o Accelerated filer ☒ Non-accelerated filer 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 ☒

As of May 4, 2006, there were 17,500,000 of the registrant's common units outstanding.

TC PIPELINES, LP

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

TC PipeLines, LP

Statement of Income

(unaudited) (millions of dollars except per unit amounts)	Three months ended March 31 2006	2005
Equity income from investment in Northern Border Pipeline	**11.2**	12.2
Equity income from investment in Tuscarora	**2.0**	2.0
General and administrative expenses	**(0.6)**	(0.5)
Financial charges and other	**(0.2)**	(0.3)
Net income	**12.4**	13.4
Net income allocation		
Common units	**11.7**	12.7
General partner	**0.7**	0.7
	12.4	13.4
Net income per unit	**$ 0.67**	$ 0.72
Units outstanding (millions)	**17.5**	17.5

Statement of Comprehensive Income

(unaudited) (millions of dollars)	Three months ended March 31 2006	2005
Net income	**12.4**	13.4
Other comprehensive income		
Change associated with current period hedging transactions of investees	**(0.1)**	(0.1)
Total comprehensive income	**12.3**	13.3

See accompanying notes to the financial statements.

Balance Sheet

(millions of dollars)	March 31, 2006 (unaudited)	December 31, 2005
Assets		
Current assets		
Cash and short-term investments	**1.8**	2.3
Investment in Northern Border Pipeline	**276.7**	274.5
Investment in Tuscarora	**38.7**	38.9
	317.2	315.7
Liabilities and Partners' Equity		
Current liabilities		
Accrued liabilities	**0.5**	0.6
Current portion of long-term debt	**13.5**	13.5

	2006	2005
	14.0	14.1
Partners' equity		
Common units	**296.1**	294.4
General partner	**6.5**	6.5
Accumulated other comprehensive income	**0.6**	0.7
	303.2	301.6
	317.2	315.7

Subsequent Events (Note 4 and Note 8)

Statement of Cash Flows

(unaudited) (millions of dollars)	Three months ended March 31, 2006	
	2006	2005
Cash Generated From Operations		
Net income	**12.4**	13.4
Add/(deduct):		
Decrease in operating working capital	**(0.1)**	(0.2)
	12.3	13.2
Investing Activities		
Return of capital from Northern Border Pipeline	**2.3**	4.0
Return of capital from Tuscarora	**0.2**	0.1
Investment in Northern Border Pipeline	**(4.6)**	—
	(2.1)	4.1
Financing Activities		
Distributions paid	**(10.7)**	(10.7)
Long-term debt repaid	—	(6.5)
	(10.7)	(17.2)
Increase/(decrease) in cash	**(0.5)**	0.1
Cash and short-term investments, beginning of period	**2.3**	2.5
Cash and short-term investments, end of period	**1.8**	2.6
Interest payments made	**0.2**	0.3

See accompanying notes to the financial statements.

Statement of Changes in Partners' Equity

(unaudited)	Common Units		General Partner	Accumulated Other Comprehensive Income	Partners' Equity	
	(millions of units)	(millions of dollars)	(millions of dollars)	(millions of dollars)	(millions of units)	(millions of dollars)
Partners' equity at December 31, 2005	17.5	294.4	6.5	0.7	17.5	301.6
Net income	—	11.7	0.7	—	—	12.4
Distributions paid	—	(10.0)	(0.7)	—	—	(10.7)
Other comprehensive income	—	—	—	(0.1)	—	(0.1)
Partners' equity at March 31, 2006	**17.5**	**296.1**	**6.5**	**0.6**	**17.5**	**303.2**

See accompanying notes to the financial statements.

Notes to Financial Statements
(unaudited)

Note 1 Basis of Presentation

TC PipeLines, LP, and its subsidiary limited partnerships, TC PipeLines Intermediate Limited Partnership and TC Tuscarora Intermediate Limited Partnership, all Delaware limited partnerships, are collectively referred to herein as TC PipeLines or the Partnership. TC PipeLines was formed by TransCanada PipeLines Limited, a subsidiary of TransCanada Corporation (collectively referred to herein as TransCanada), to acquire, own and participate in the management of United States (U.S.) - based pipeline assets. The Partnership commenced operations on May 28, 1999.

The financial statements have been prepared by management in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Amounts are stated in U.S. dollars. Other comprehensive income recorded by TC PipeLines arises through its equity investments in Northern Border Pipeline Company (Northern Border Pipeline) and Tuscarora Gas Transmission Company (Tuscarora) and relates to cash flow hedges transacted by Northern Border Pipeline and Tuscarora. Since a determination of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of these financial statements requires the use of estimates and assumptions which have been made using careful judgment. In the opinion of management, these

financial statements have been properly prepared within reasonable limits of materiality and include all adjustments (consisting of normal recurring accruals) necessary to present fairly the results of operations for the three months ended March 31, 2006 and 2005, the financial position as at March 31, 2006 and December 31, 2005, cash flows for the three months ended March 31, 2006 and 2005, and statement of partners' equity at March 31, 2006.

The results of operations for the three months ended March 31, 2006 and 2005 are not necessarily indicative of the results that may be expected for a full fiscal year. The interim financial statements should be read in conjunction with the Partnership's financial statements and notes included in TC PipeLines' annual report on Form 10-K for the year ended December 31, 2005.

Note 2 Investment in Northern Border Pipeline

At March 31, 2006, the Partnership owned a 30% general partner interest in Northern Border Pipeline, a Texas general partnership which owns a 1,249-mile United States interstate pipeline system that transports natural gas from the U.S. - Canadian border near Port of Morgan, Montana to a terminus near North Hayden, Indiana for its customers. Northern Border Pipeline's pipeline system connects with multiple pipelines providing shippers access to the various natural gas markets served by those pipelines. The remaining 70% partnership interest in Northern Border Pipeline was held by Northern Border Partners, L.P. (Northern Border Partners), a publicly traded limited partnership. The 2% general partnership interest in Northern Border Partners was controlled by affiliates of ONEOK, Inc. (ONEOK), which held a 1.65% interest, and TransCanada, parent of TC PipeLines' general partner, which held the remaining 0.35% general partner interest. The Northern Border Pipeline system is operated by Northern Plains Natural Gas Company, LLC (Northern Plains), a wholly owned subsidiary of ONEOK. Northern Border Pipeline is regulated by the Federal Energy Regulatory Commission (FERC).

In April 2006, the Partnership completed the acquisition of a 20% general partnership interest in Northern Border Pipeline. The Partnership and Northern Border Partners each now hold a 50% interest in Northern Border Pipeline. The 2% general partnership interest in Northern Border Partners is now controlled by ONEOK. A subsidiary of TransCanada will become the operator of Northern Border Pipeline in April 2007. Additional information about the acquisition is included in this section under Note. 8 Subsequent Events.

The Partnership uses the equity method of accounting for its investment in Northern Border Pipeline. TC PipeLines' equity income for the three months ended March 31, 2006 and 2005 includes 30% of the net income of Northern Border Pipeline for the same periods. There were no undistributed earnings from Northern Border Pipeline as at March 31, 2006 and December 31, 2005.

The following table sets out summarized financial information representing 100% of the operations of Northern Border Pipeline for the three months ended March 31, 2006 and 2005 and as at March 31, 2006 and December 31, 2005. TC PipeLines has held its general partner interest since May 28, 1999.

Northern Border Pipeline Income Statement

(unaudited) (millions of dollars)	Three months ended March 31 2006	2005
Revenues	**79.8**	82.8
Costs and expenses	**(17.5)**	(17.4)
Depreciation	**(14.6)**	(14.4)
Financial charges	**(10.7)**	(10.6)
Other income	**0.4**	0.2
Net income	**37.4**	40.6

Northern Border Pipeline amortized approximately $0.4 million for each of the three months ended March 31, 2006 and 2005, respectively, related to terminated interest rate swap agreements as a reduction to financial charges from accumulated other comprehensive income.

Certain reclassifications were made to Northern Border Pipeline's 2005 financial statements to conform to the current year presentation.

Northern Border Pipeline Balance Sheet

(millions of dollars)	March 31, 2006 (unaudited)	December 31, 2005
Assets		
Cash and cash equivalents	**15.0**	22.0
Other current assets	**34.4**	45.7
Plant, property and equipment, net	**1,511.5**	1,516.1
Other assets	**22.6**	20.9
	1,583.5	1,604.7
Liabilities and Partners' Equity		
Current liabilities	**52.7**	56.0
Reserves and deferred credits	**5.1**	4.8
Long-term debt	**608.4**	628.9
Partners' equity		
Partners' capital	**915.4**	912.7
Accumulated other comprehensive income	**1.9**	2.3
	1,583.5	1,604.7

Note 3 Investment in Tuscarora

The Partnership owns a 49% general partner interest in Tuscarora, a Nevada general partnership, which owns a 240-mile United States interstate pipeline system that transports natural gas from Oregon, where it interconnects to TransCanada's Gas Transmission Northwest System (GTN), to northern Nevada. The remaining general partner interests in Tuscarora are held 50% by Sierra Pacific Resources and 1% by TransCanada. The Tuscarora pipeline system is

operated by Tuscarora Gas Operating Company, a wholly owned subsidiary of Sierra Pacific Resources. Sierra Pacific Power Company (Sierra Pacific Power) a wholly-owned subsidiary of Sierra Pacific Resources is Tuscarora's largest shipper, accounting for approximately 69% of total available capacity through 2017. On September 1, 2000, the Partnership acquired its interest in Tuscarora from a subsidiary of TransCanada. As a result of the acquisition allocation, an annual amortization of $0.4 million has been included in the Partnership's equity income from Tuscarora. The amortization period ends in 2025. Tuscarora is regulated by the FERC.

The Partnership uses the equity method of accounting for its investment in Tuscarora. TC PipeLines' equity income for the three months ended March 31, 2006 and 2005 includes 49% of the net income of Tuscarora

for the same periods. There were no undistributed earnings from Tuscarora as at March 31, 2006 and December 31, 2005. The following table sets out summarized financial information representing 100% of the operations of Tuscarora for the three months ended March 31, 2006 and 2005 and as at March 31, 2006 and December 31, 2005. TC PipeLines has held its general partner interest since September 1, 2000.

Tuscarora Income Statement

(unaudited) (millions of dollars)	Three months ended March 31 2006	 2005
Revenues	**8.3**	8.3
Costs and expenses	**(1.2)**	(1.1)
Depreciation	**(1.6)**	(1.5)
Financial charges	**(1.4)**	(1.5)
Other income	**0.1**	—
Net income	**4.2**	4.2

Tuscarora Balance Sheet

(millions of dollars)	March 31, 2006 (unaudited)	December 31, 2005
Assets		
Cash and cash equivalents	**6.4**	3.8
Other current assets	**3.0**	3.0
Plant, property and equipment, net	**130.2**	131.6
Other assets	**1.4**	1.4
	141.0	139.8
Liabilities and Partners' Equity		
Current liabilities	**8.2**	6.8
Long-term debt	**71.1**	71.1
Partners' equity		
Partners' capital	**61.6**	61.8
Accumulated other comprehensive income	**0.1**	0.1
	141.0	139.8

Note 4 Credit Facilities and Long-Term Debt

On February 28, 2006 the Partnership renewed a $20.0 million unsecured credit facility (Revolving Credit Facility) with JPMorgan Chase Bank, NA, as administrative agent. Loans under the Revolving Credit Facility may bear interest, at the option of the Partnership, at a one-, two-, three-, or six-month LIBOR plus 0.75% or 1.00% if total debt is greater than or equal to 15% of capitalization, or at a floating rate based on the higher of the federal funds effective rate plus 0.5% and the prime rate. The Revolving Credit Facility matures on February 27, 2007. Amounts borrowed may be repaid in part or in full prior to that time without penalty. The Revolving Credit Facility may be used to fund capital expenditures, to fund capital contributions to Northern Border Pipeline, Tuscarora and any other entity in which the Partnership directly or indirectly acquires an interest, to fund working capital and for other general business purposes, including temporary funding of cash distributions to unitholders and the general partner, if necessary. The maximum leverage ratio permitted under the Revolving Credit Facility provides that the Partnership's total debt, as at the last day of the first, second and third quarters of 2006, shall not be greater than the lesser of (i) 56.5% of capitalization or (ii) 5 times consolidated adjusted EBITDA (net income plus interest expense and cash distributions less equity earnings) for the four quarter period then ended. Commencing on the last day of the fourth quarter of 2006, the maximum leverage ratio reverts to the

existing ratio, which is the lesser of (i) 35% of capitalization as at the last day of such fiscal quarter, or (ii) 2.5 times the consolidated adjusted EBITDA for the period consisting of such fiscal quarter and the three preceding fiscal quarters. The Partnership had $13.5 million outstanding under the Revolving Credit Facility at March 31, 2006 and December 31, 2005. The interest rate on the Revolving Credit Facility averaged 5.55% and 4.40% for March 31, 2006 and December 31, 2005, respectively and at March 31, 2006 and December 31, 2005, the interest rate was 5.61% and 5.62%, respectively.

On March 31, 2006, the Partnership entered into an unsecured credit agreement for a $310 million credit facility (Bridge Loan Credit Facility) with Citigroup Global Markets Inc. and UBS Loan Finance (UBS), as joint lead arrangers and joint book managers, Citicorp North America, Inc., as administrative agent and a lender, UBS, as syndication agent and a lender, Mizuho Corporate Bank, Ltd. and Bank of Tokyo-Mitsubishi UFJ, as co-documentation agents and lenders, and SunTrust Bank, as a lender. Borrowings under the Bridge Loan Credit Facility will bear interest, at the option of the Partnership, on the LIBOR or the base rate plus, in either case, an applicable margin. The base rate will equal the higher of Citibank's base rate or 0.5% above the federal funds rate. The applicable margin is based on the Partnership's leverage ratio. The applicable margin ranges between 0.875% and 1.250% for LIBOR loans and between

0% and 0.250% for base rate loans. The applicable margin increases by 0.125% per annum on March 31, 2007 and further increases by 0.25% per annum on September 30, 2007. The Bridge Loan Credit Facility matures on March 31, 2008, at which time all amounts outstanding will be due and payable. The Bridge Loan Credit Facility requires that the Partnership maintain a leverage ratio of no more than 4.5 to 1.0 times at any time and an interest coverage ratio of not less than 3.5 to 1.0 at the end of any fiscal quarter. On April 5, 2006, the Partnership borrowed $307 million under the Bridge Loan Credit Facility to finance the purchase price and $10 million in transaction costs payable in connection wit the Partnership's acquisition of an additional 20% general partnership interest in Northern Border Pipeline. The remaining $3 million commitment under the Bridge Loan Credit Facility was terminated.

Note 5 Net Income per Unit

Net income per unit is computed by dividing net income, after deduction of the general partner's allocation, by the weighted average number of common units outstanding. The general partner's allocation is equal to an amount based upon the general partner's 2% interest, adjusted to reflect an amount equal to incentive distributions. Net income per unit was determined as follows:

(unaudited) **(millions of dollars except per unit amounts)**	**Three months ended March 31** **2006**	 **2005**
Net income	**12.4**	13.4
Net income allocated to general partner		
General partner interest	**(0.2)**	(0.2)
Incentive distribution income allocation	**(0.5)**	(0.5)
	(0.7)	(0.7)
Net income allocable to units	**11.7**	12.7
Weighted average units outstanding *(millions)*	**17.5**	17.5
Net income per unit	**$ 0.67**	$ 0.72

Note 6 Distributions

On April 18, 2006, the Board of Directors of the general partner declared the Partnership's 2006 first quarter cash distribution. The first quarter cash distribution is payable on May 15, 2006 to unitholders of record as of April 28, 2006. The total cash distribution of $10.7 million will be paid in the following manner: $10.0 million to common unitholders (including $1.2 million to the general partner as holder of 2,035,106 common units), $0.5 million to the general partner as holder of the incentive distribution rights, and $0.2 million to the general partner in respect of its 2% general partner interest.

Note 7 Capital Requirements

The Partnership contributed $3.1 million in the three months ended March 31, 2006, representing its then 30% share of a $10.3 million cash call issued by Northern Border Pipeline to its partners on March 29, 2006. The funds were used by Northern Border Pipeline to fund the Chicago III Expansion Project. The payment to Northern Border Pipeline was funded through the use of cash from operations. The Partnership also incurred costs of $1.5 million for the three months ended March 31, 2006, related to the acquisition of an additional 20% of general partner interest in Northern Border Pipeline.

Note 8 Subsequent Events

On April 6, 2006, TC PipeLines announced it has closed its acquisition of an additional 20% general partnership interest in Northern Border Pipeline for approximately $297 million plus $10 million in transaction costs payable to a subsidiary of TransCanada. TC PipeLines has also indirectly assumed approximately $120 million of debt of Northern Border Pipeline. TC PipeLines now holds a 50% interest in Northern Border Pipeline. TC PipeLines anticipates to account for its interest in Northern Border Pipeline using equity accounting.

The Partnership initially funded the transaction through the Bridge Loan Credit Facility and intends to refinance the loan under this facility with a combination of equity and debt.

In connection with this transaction, in April 2007, a subsidiary of TransCanada will become the operator of Northern Border Pipeline, which is currently operated by Northern Plains.

Northern Border Pipeline declared and paid a distribution of approximately $48.6 million on May 1, 2006. The Partnership received its 50% share ($24.3 million) on May 1, 2006.

Tuscarora declared a distribution of approximately $4.5 million on April 17, 2006. The Partnership received its 49% share ($2.2 million) on April 28, 2006.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANICAL CONDITION AND RESULTS OF OPERATIONS

TC PipeLines, LP

Cautionary Statement Regarding Forward-Looking Information

A number of statements made by TC PipeLines in this quarterly report are forward-looking and relate to, among other things, anticipated financial performance, business prospects, strategies, market forces and commitments of TC PipeLines. All forward-looking statements are based on the Partnership's beliefs as well as assumptions made by and information currently available to the Partnership. The Partnership assumes no obligation to update any such forward-looking statements to reflect events or circumstances as occurring after the date hereof. Words such as "anticipate", "believe", "estimate", "expect", "plan", "intend", "forecast", and similar expressions, identify forward-looking statements. Readers are cautioned not to place undue reliance on this forward-

looking information, which is as of the date of this Form 10-Q. These statements reflect the Partnership's current views with respect to future events and are subject to various risks, uncertainties and assumptions including:

- the Partnership's 50% general partner interest in Northern Border Pipeline and 49% general partner interest in Tuscarora represent its only material assets. As a result, the Partnership is dependent upon Northern Border Pipeline and Tuscarora for all of its available cash;
- operation of Northern Border Pipeline by affiliates of ONEOK and any further developments in Enron's filing of bankruptcy protection;
- regulatory decisions, particularly those of the FERC;
- orders by the FERC which are significantly different than Northern Border Pipeline's assumptions related to the November 2005 rate case;
- the ability of Northern Border Pipeline to recontract its capacity and the transportation rates at which that capacity is contracted;
- the ability of Northern Border Pipeline and Tuscarora to recover costs in its rates;
- the failure of a shipper on either one of the pipelines in which the Partnership has an interest to perform its contractual obligations;
- the ability of affiliates of Sierra Pacific Resources to continue to meet their contractual obligations to Tuscarora;
- the availability of Western Canadian natural gas for import into the United States;
- the amount of storage capacity in Western Canada and overall strong demand for storage injection; and
- prevailing economic conditions, particularly conditions of the capital and equity markets;

and other risks are discussed in the Partnership's filings with the Securities and Exchange Commission (SEC), including under Item 1A, "Risk Factors," in the Partnership's annual report on Form 10-K for the year ended December 31, 2005. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause TC PipeLines' actual results and experience to differ materially from the anticipated results or other expectations expressed in this quarterly report.

Results of Operations of TC PipeLines, LP

As a result of the Partnership's ownership interests in both Northern Border Pipeline and Tuscarora, the following discusses first the results of operations and liquidity and capital resources of TC PipeLines, then those of each of Northern Border Pipeline and Tuscarora in their entirety.

The following discussions of the financial condition and results of operations of the Partnership, Northern Border Pipeline and Tuscarora should be read in conjunction with the financial statements and notes thereto of the Partnership included elsewhere in this report (see Item 1. Financial Statements). For more detailed information regarding the basis of presentation for the following financial information, see the notes to the financial statements of the Partnership.

Overview

TC PipeLines, LP was formed in 1998 as a Delaware limited partnership to acquire, own and participate in the management of United States-based pipeline assets. TC PipeLines, LP and its subsidiary limited partnerships, TC PipeLines Intermediate Limited Partnership and TC Tuscarora Intermediate Limited Partnership, are collectively referred to herein as "TC PipeLines" or "the Partnership." TC PipeLines GP, Inc., an indirect wholly owned subsidiary of TransCanada PipeLines Limited, which is a wholly owned subsidiary of TransCanada, is the general partner of the Partnership. At March 31, 2006, the Partnership owned a 30% general partner interest in Northern Border Pipeline and a 49% general partner interest in Tuscarora. More information about the Partnership's acquisition of an additional 20% general partner interest in Northern Border Pipeline is included in this section under "Recent Developments."

Recent Developments

On April 6, 2006, TC PipeLines announced it has closed its acquisition of an additional 20% general partnership interest in Northern Border Pipeline for approximately $297 million plus $10 million in transaction costs payable to a subsidiary of TransCanada. TC PipeLines has also indirectly assumed approximately $120 million of debt of Northern Border Pipeline. TC PipeLines now holds a 50% interest in Northern Border Pipeline. TC PipeLines anticipates to account for its interest in Northern Border Pipeline using equity accounting.

The Partnership initially funded the transaction through a bridge loan credit facility and intends to refinance the loan under this facility with a combination of equity and debt.

In connection with this transaction, in early 2007 a subsidiary of TransCanada will become operator of Northern Border Pipeline, which is currently operated by Northern Plains.

Investment in Northern Border Pipeline Company

Northern Border Pipeline owns a 1,249-mile United States interstate pipeline system that transports natural gas from the United States – Canadian border near Port of Morgan, Montana to a terminus near North Hayden, Indiana for its customers. Northern Border Pipeline's pipeline system connects with multiple pipelines providing shippers access to the various natural gas markets served by those pipelines. The Partnership owns a 50% general partner interest in Northern Border Pipeline.

The remaining 50% general partner interest in Northern Border Pipeline is held by Northern Border Partners, a publicly traded limited partnership. The management committee of Northern Border Pipeline consists of four members. TC PipeLines and Northern Border Partners each designated two

members of the management committee and each have 50% of the voting power of the management committee.

Northern Plains, an affiliate of Northern Border Partners, currently serves as the operator of the Northern Border Pipeline system. In early 2007 a subsidiary of TransCanada will become operator of Northern Border Pipeline.

Investment in Tuscarora Gas Transmission Company

Tuscarora owns a 240-mile United States interstate pipeline system that originates at an interconnection point with facilities of GTN, a wholly-owned subsidiary of TransCanada, near Malin, Oregon and runs southeast through northeastern California and northwestern Nevada. The Partnership owns a 49% general partner interest in

Tuscarora.

The remaining general partner interest in Tuscarora is held 50% by Tuscarora Gas Pipeline Co., a wholly-owned subsidiary of Sierra Pacific Resources and 1% by TCPL Tuscarora Ltd., an indirect wholly owned subsidiary of TransCanada.

Tuscarora increased its contracted capacity from 127 million cubic feet per day (mmcfd) to approximately 180 mmcfd in 2002 by completing an expansion of its pipeline system. The expansion consisted of two compressor stations and an 11-mile pipeline extension from the previous terminus of the Tuscarora pipeline system at a point near Reno, Nevada to Wadsworth, Nevada. Tuscarora completed construction of the Barrick Lateral, a 0.5 mile lateral that provides transportation service to a new electric generation customer located near Tracy, Nevada. The construction of the lateral was completed on time and commissioned for service to Barrick Goldstrike on June 25, 2005.

Critical Accounting Policy

TC PipeLines accounts for its interests in both Northern Border Pipeline and Tuscarora using the equity method of accounting as detailed in notes 2 and 3 to the financial statements. The equity method of accounting is appropriate where the investor does not control an investee, but rather is able to exercise significant influence over the operating and financial policies of an investee. TC PipeLines is able to exercise significant influence over its investments in Northern Border Pipeline and Tuscarora as evidenced by its representation on their respective management committees.

The 50% general partner interest in Northern Border Pipeline and 49% general partner interest in Tuscarora are currently the Partnership's only material sources of income. The Partnership's results of operations are influenced by and reflect the same factors that influence the financial results of Northern Border Pipeline and Tuscarora, respectively.

There has been no change to the Partnership's critical accounting policies during the three months ended March 31, 2006.

Recent Account Pronouncements

There were no new standards issued by the FASB or other regulatory bodies during the three months ended March 31, 2006 that had a material impact on the Partnership's results of operations.

Operating Results

Net income was $12.4 million for the three months ended March 31, 2006, a decrease of $1.0 million, or 7%, compared to $13.4 million for the same period in 2005 primarily as a result of lower equity income from Northern Border Pipeline.

Equity income from the Partnership's investment in Northern Border Pipeline decreased $1.0 million, or 8%, to $11.2 million for the three months ended March 31, 2006, compared to $12.2 million for the same period in 2005. The decrease in equity income from Northern Border Pipeline was primarily due to lower firm transportation revenue during the quarter. Equity income from the Partnership's investment in Tuscarora remained at $2.0 million for the three months ended March 31, 2006, compared with the same quarter in 2005.

The Partnership's general and administrative expenses were $0.6 million for the three months ended March 31, 2006, an increase of $0.1 million compared to the same period in 2005, primarily due to higher salaries and benefits as well as timing of expenses incurred.

The Partnership's financial charges and other were $0.2 million for the three months ended March 31, 2006, a decrease of $0.1 million compared to the same quarter in 2005, due to lower average debt outstanding partially offset by higher average interest rates.

Liquidity and Capital Resources of TC PipeLines, LP

Debt and Credit Facilities

The following table summarizes TC PipeLines' debt and credit facilities outstanding as of March 31, 2006:

(millions of dollars)	Payments Due by Period		
	Total	Less than 1 year	Long-term portion
Revolving Credit Facility	13.5	13.5	—
Total	$ 13.5	$ 13.5	$ —

On March 31, 2006, the Partnership entered into an unsecured credit agreement for a $310 million credit facility (Bridge Loan Credit Facility) with Citigroup Global Markets Inc. and UBS Loan Finance (UBS), as joint lead arrangers and joint book managers, Citicorp North America, Inc., as administrative agent and a lender, UBS, as syndication agent and a lender, Mizuho Corporate Bank, Ltd. and Bank of Tokyo-Mitsubishi UFJ, as co-documentation agents and lenders, and SunTrust Bank, as a lender. Borrowings under the Bridge Loan Credit Facility will bear interest, at the option of the Partnership, at the LIBOR or the base rate plus, in either case, an applicable margin. The base rate will equal the higher of Citibank's base rate or 0.5% above the federal funds rate. The applicable margin is based on the Partnership's leverage ratio. The applicable margin ranges between 0.875% and 1.250% for LIBOR loans and between 0% and 0.250% for base rate loans. The applicable margin increases by 0.125% per annum on March 31, 2007 and further increases by 0.25% per annum on September 30, 2007. The Bridge Loan Credit Facility matures on March 31, 2008, at which time all amounts outstanding will be due and payable. The Bridge Loan Credit Facility requires that the Partnership maintain a leverage ratio of no more than 4.5 to 1.0 times at any time and an interest coverage ratio of not less than 3.5 to 1.0 at the end of any fiscal quarter. On April 5, 2006, the Partnership borrowed $307 million under the Bridge Loan Credit Facility to finance the purchase price and $10 million in transaction costs payable in connection wit the Partnership's acquisition of an additional 20% general partnership interest in Northern Border Pipeline. The remaining $3 million commitment under the Bridge Loan Credit Facility was terminated.

Cash Distribution Policy of TC PipeLines, LP

The Partnership has made distributions of Available Cash, as defined in the Partnership Agreement, in the following manner:

- First, 98% to the common units, pro rata, and 2% to the general partner, until there is distributed for each outstanding unit an amount equal to the minimum quarterly distribution for that quarter; and

- Thereafter, in a manner whereby the general partner has rights (referred to as incentive distribution rights) to receive increasing percentages of excess quarterly cash distributions over specified cash distribution thresholds.

After the distributions described above are met, additional Available Cash from Operating Surplus (as defined in the Partnership Agreement) for that quarter will be distributed among the unitholders and the general partner in the following manner:

- First, 85% to all units, pro rata, and 15% to the general partner, until each unitholder has received a total of $0.5275 for that quarter;

- Second, 75% to all units, pro rata, and 25% to the general partner, until each unitholder has received a total of $0.6900 for that quarter; and

- Thereafter, 50% to all units, pro rata, and 50% to the general partner.

The distribution to the general partner described above, other than in its capacity as a holder of 2,035,106 units that are in excess of its aggregate 2% general partner interest, represents the incentive distribution rights.

2006 First Quarter Cash Distribution

On April 18, 2006, the Board of Directors of the general partner declared the Partnership's 2006 first quarter cash distribution. The first quarter cash distribution is payable on May 15, 2006 to unitholders of record as of April 28,

2006. The total cash distribution of $10.7 million will be paid in the following manner: $10.0 million to common unitholders (including $1.2 million to the general partner as holder of 2,035,106 common units), $0.5 million to the general partner as holder of the incentive distribution rights, and $0.2 million to the general partner in respect of its 2% general partner interest.

Cash Flows from Operating Activities

Cash flows provided by operating activities was $12.3 million for the three months ended March 31, 2006, compared with $13.2 million for the same quarter in 2005. Cash provided by operating activities decreased $0.9 million primarily due to lower distributions resulting from lower equity income from Northern Border Pipeline during the three months ended December 31, 2005, compared with the same quarter in 2005. For the three months ended March 31, 2006 and 2005, the Partnership received cash distributions of $13.5 million and $16.2 million, respectively, from its equity investment in Northern Border Pipeline. The decrease in cash distributions from Northern Border Pipeline was primarily due to lower revenues and higher operations and maintenance expenses during the fourth quarter of 2004 compared to the same period in 2005. The cash distributions received include $2.3 million and $4.0 million classified as return of capital in the three months ended March 31, 2006 and 2005, respectively. For the three months ended March 31, 2006 and 2005, the Partnership also received cash distributions of $2.2 million and $2.1 million, respectively, from its equity investment in Tuscarora. The increase in cash distributions from Tuscarora was mainly due to higher earnings in fourth quarter of 2005 compared to the same period in 2004. Distributions received in the three months ended March 31, 2006 are based on the respective equity investments' financial results for the fourth quarter ended December 31, 2005.

Cash Flows from Investing Activities

Cash received (used) in investing activities was $(2.1) million for the three months ended March 31, 2006, compared with $4.1 million for the same quarter in 2005. The Partnership made an equity contribution of $3.1 million, representing its then 30% share of a cash call issued by Northern Border Pipeline to its partners on March 20, 2006. The Partnership also incurred costs of $1.5 million for the three months ended March 31, 2006, related to the acquisition of an additional 20% of general partner interest in Northern Border Pipeline. Cash distributions received from Northern Border Pipeline which were classified as return of capital were $2.3 million and $4.0 million for the three months ended March 31, 2006 and 2005, respectively. Cash distributions received from Tuscarora which were classified as return of capital were $0.2 million and $0.1 million for the three months ended March 31, 2006 and 2005, respectively.

Cash Flows from Financing Activities

Cash flows used in financing activities were $10.7 million for the three months ended March 31, 2006, compared to $17.2 million for the same quarter in 2005.

For the three months ended March 31, 2006, the Partnership paid $10.7 million in cash distributions in the following manner: $10.0 million to common unitholders (including $1.2 million to the general partner as holder of 2,305,106 common units), $0.5 million to the general partner as holder of the incentive distribution rights, and $0.2 million to the general partner in respect of its 2% general partner interest.

For the three months ended March 31, 2005, the Partnership repaid in full its $6.5 million outstanding balance on the TransCanada Credit Facility. On July 31, 2005, the TransCanada Credit Facility expired and was not renewed as there were no anticipated drawings required under the facility.

Capital Requirements

To the extent TC PipeLines has any capital requirements with respect to its investments in Northern Border Pipeline and Tuscarora or makes acquisitions during the remainder of 2006, TC PipeLines expects to fund these requirements with operating cash flows, debt and/or equity.

Results of Operations of Northern Border Pipeline Company

In the following discussion of the results of Northern Border Pipeline, all amounts represent 100% of the operations of Northern Border Pipeline, in which the Partnership now holds a 50% interest since April 6, 2006.

The discussion and analysis of Northern Border Pipeline's financial condition and operations are based on Northern Border Pipeline's financial statements, which were prepared in accordance with U.S. GAAP.

Overview

Northern Border Pipeline is a Texas general partnership that was formed in 1978. Northern Border Pipeline provides natural gas transportation services and is a leading transporter of natural gas imported from Canada into the U.S. At March 31, 2006, TC PipeLines owned a 30% general partner interest and Northern Border Partners owned the remaining 70%. TC PipeLines and Northern Border Partners are publicly traded partnerships.

In April 2006, Northern Border Partners completed the sale of a 20% partnership interest in Northern Border Pipeline to TC PipeLines. Northern Border Partners and TC PipeLines each now own a 50% interest in Northern Border Pipeline. Additional information about the transaction is included in this section under "Recent Developments."

Northern Border Pipeline provides natural gas transportation services and is a leading transporter of natural gas imported from Canada into the U.S. Northern Border Pipeline transports natural gas along 1,249 miles of pipeline with a design capacity of approximately 2.4 Bcf/d that extends from the Montana-Saskatchewan border to a terminus near North Hayden, Indiana. Northern Border Pipeline's transportation network provides pipeline access to the Midwestern U.S. from natural gas reserves in the Western Canada Sedimentary Basin, which is located in the Canadian provinces of Alberta, British Columbia and Saskatchewan. Northern Border Pipeline's transportation contracts include specifications regarding the receipt and delivery of natural gas at points along its system. The type of transportation contract, either firm or interruptible service, determines the basis by which each customer is charged. Customers with firm service transportation agreements pay a fee known as a demand charge to reserve pipeline capacity, regardless of use, for the term of their contracts. Firm service transportation customers also pay a fee known as a commodity charge that is based on the volume of natural gas they transport. Customers with interruptible service transportation agreements may utilize available capacity on Northern Border Pipeline's system after firm service transportation requests are satisfied. Interruptible service customers are assessed a commodity charge only. For the year ended December 31, 2005, approximately 97% of Northern Border Pipeline's revenue was derived from demand charges and the remaining 3% was attributable to commodity charges.

Construction of Northern Border Pipeline's system was initially completed in 1982 followed by expansions or extensions in 1991, 1992, 1998, 2001 and 2005. In April 2006, the Chicago III Expansion Project went into service as planned, adding 130 MMcf/d of transportation capacity on the eastern portion of the pipeline into the Chicago area

Recent Developments

Purchase and Sale of Partnership Interest – In April 2006, Northern Border Partners completed the sale of a 20% partnership interest in Northern Border Pipeline to TC PipeLines under the Partnership Interest Purchase and Sale Agreement dated as of December 31, 2005. Northern Border Partners and TC PipeLines each now own a 50% interest in Northern Border Pipeline.

As a result of the transaction, Northern Border Pipeline's General Partnership Agreement was amended and restated effective April 6, 2006. The major provisions adopted or changed included the following:

- The Management Committee will consist of four members. Each partner will designate two members and TC PipeLines will designate one of its members as chairman.
- The Management Committee will designate the members of the Audit Committee, which will consist of three members. One member will be selected by the partner whose affiliate is the operator and two members will be selected by the other partner.

- Northern Plains will be Northern Border Pipeline's operator until April 1, 2007. Effective April 1, 2007, an affiliate of TransCanada will become Northern Border Pipeline's operator.

Operating Agreement – In April 2006, Northern Border Pipeline entered into an Operating Agreement with an affiliate of TransCanada. Under the new Operating Agreement, the TransCanada affiliate will become Northern Border Pipeline's operator effective April 1, 2007.

Chicago III Expansion Project – In April 2006, the Chicago III Expansion Project went into service as planned, adding 130 MMcf/d of transportation capacity on the eastern portion of Northern Border Pipeline's system into the Chicago area.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with U.S. GAAP requires Northern Border Pipeline 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 Northern Border Pipeline believes these estimates are reasonable, actual results could differ from its estimates.

There has been no change to Northern Border Pipeline's critical accounting estimates during the first quarter ended March 31, 2006. Information about Northern Border Pipeline's critical accounting estimates is included under Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates," in its annual report on Form 10-K for the year ended December 31, 2005.

Known Trends and Uncertainties

Northern Border Pipeline continues to expect that Canadian natural gas export volumes in 2006 will remain near 2005 levels despite increased production in Canada as a result of the greater number of Canadian drilling rigs in operation. Northern Border Pipeline also continues to expect U.S. demand for natural gas in 2006 will be similar to 2005 levels. Residential demand for natural gas fell below normal levels during the 2005-2006 heating season as a result of the warm temperatures in January and relatively normal temperatures in February. However, the Energy Information Administration projects that increased industrial demand in 2006 will offset the reduced demand of residential users.

Northern Border Pipeline continues to expect that revenue in 2006 will be comparable with 2005 revenue, although market conditions have changed. In April and May of 2005, Northern Border Pipeline did not sell all of its firm transportation capacity due to decreased demand for Canadian natural gas as a result of greater supply competition in the Midwestern U.S. and increased natural gas storage injections. When storage levels approached full capacity and summer temperatures were higher than normal during the third quarter of 2005, demand for Northern Border Pipeline's transportation capacity increased. Natural gas storage levels in Western Canada were higher during the first quarter of 2006 compared with the first quarter of 2005 and the five-year average for the same period as a result of relatively warm winter temperatures. Increased natural gas throughput on the TransCanada pipeline system to Eastern markets, due in part to greater demand for Canadian natural gas supply as a result of lingering supply disruptions related to Hurricanes Katrina and Rita, is expected to slow storage injection activity in Western Canada during the second quarter of 2006. In addition, Western U.S. demand for Canadian natural gas is expected to modestly decline in 2006 compared with 2005 due to the return of normal snowpack in the region that will cause gas-fired electric generation to be displaced with hydroelectric generation.

Results of Operations

The following tables set out summarized financial information for Northern Border Pipeline for the three months ended March 31, 2006 and 2005 and as at March 31, 2006 and December 31, 2005. Amounts discussed represent 100% of the operations of Northern Border Pipeline, in which the Partnership holds a 30% interest as at March 31, 2006.

Northern Border Pipeline Income Statement

(unaudited) (millions of dollars)	Three months ended March 2006	 2005
Revenues	**79.8**	82.8
Costs and expenses	**(17.5)**	(17.4)
Depreciation	**(14.6)**	(14.4)
Financial charges	**(10.7)**	(10.6)
Other income	**0.4**	0.2
Net income	**37.4**	40.6

Northern Border Pipeline Balance Sheet

(millions of dollars)	March 31 2006 (unaudited)	December 31 2005
Assets		
Cash and cash equivalents	**15.0**	22.0
Other current assets	**34.4**	45.7
Plant, property and equipment, net	**1,511.5**	1,516.1
Other assets	**22.6**	20.9
	1,583.5	1,604.7
Liabilities and Partners' Equity		
Current liabilities	**52.7**	56.0
Reserves and deferred credits	**5.1**	4.8
Long-term debt	**608.4**	628.9
Partners' equity		
Partners' capital	**915.4**	912.7
Accumulated other comprehensive income	**1.9**	2.3
	1,583.5	1,604.7

Operating Results

Net income was $37.4 million for the three months ended March 31, 2006, a decrease of $3.2 million, or 8%, compared with $40.6 million for the same period last year primarily as a result of the lower firm transportation revenue during the quarter.

Revenues declined $3.0 million for the three months ended March 31, 2006, compared with the same period last year primarily as a result of discounted transportation rates, transportation capacity that was sold for shorter transportation paths and some unsold firm transportation capacity in March 2006.

Costs and expenses, depreciation, financial charges and other income during the first quarter of 2006 were comparable with the same quarter last year.

Liquidity and Capital Resources of Northern Border Pipeline Company

Northern Border Pipeline's principal sources of liquidity include cash generated from operating activities and bank credit facilities. Northern Border Pipeline funds its operating expenses, debt service and cash distributions to its partners primarily with operating cash flow. Capital resources for maintenance and growth expenditures are funded by a variety of sources, including cash generated from operating activities, borrowings under bank credit facilities, issuance of senior unsecured notes or equity contributions from Northern Border Pipeline's partners. Northern Border Pipeline's ability to access capital markets for debt under reasonable terms depends on its financial condition, credit ratings and market conditions. Northern Border Pipeline believes that its ability to obtain financing at reasonable rates and history of consistent cash flow from operating activities provide a solid foundation to meet its future liquidity and capital resource requirements.

Debt and Credit Facilities

The following table summarizes Northern Border Pipeline's debt and credit facilities outstanding as of March 31, 2006:

		Payments Due by Period	
(millions of dollars)	Total	Less than 1 year	Long-term portion
$175 million Pipeline Credit Agreement due 2010 (a)	$ 7	7	$ —
6.25% senior notes due 2007	150	—	150
7.75% senior notes due 2009	200	—	200
7.50% senior notes due 2021	250	—	250
Total	$ 607	$ 7	$ 600

(a) Northern Border Pipeline is required to pay a facility fee of 0.075% on the principal commitment amount of its credit agreement.

Revolving Credit Agreement

As of March 31, 2006, Northern Border Pipeline had outstanding borrowings of $7.0 million under its $175 million revolving credit agreement and was in compliance with the covenants of its agreement. The weighted average interest rate related to the borrowings on Northern Border Pipeline's credit agreement was 5.16% at March 31, 2006.

Cash Flows from Operating Activities

Cash provided by operating activities was $57.6 million for the three months ended March 31, 2006, compared to $59.5 million for the same quarter in 2005. Cash provided by operating activities decreased $1.9 million primarily due to decreased cash received from Northern Border Pipeline's customers as a result of lower operating revenue during the quarter as discussed in this section under "Operating Results."

Cash Flows from Investing Activities

Cash used in investing activities was $9.9 million for the three months ended March 31, 2006, compared to $4.7 million for the same quarter in 2005. Growth capital expenditures, which increased by $6.3 million, were partially offset by lower maintenance capital expenditures of $1.1 million. Growth capital expenditures for the three months ended March 31, 2006 included $6.7 million related to the Chicago Expansion Project. Northern Border Pipeline used operating cash flow and equity contributions from its partners to fund the Chicago III Expansion Project.

Cash Flows from Financing Activities

Cash used in financing activities was $54.7 million for the three months ended March 31, 2006, compared to $49.1 million for the same quarter in 2005. Northern Border Pipeline received equity contributions from its partners of $10.3 million during the three months ended March 31, 2006 to fund approximately 50% of the Chicago III Expansion Project capital costs. Distributions to partners, which are calculated using operating results from the preceding quarter, decreased $9.1 million during the three months ended March 31, 2006 compared with the same period last year due to lower net income and increased maintenance capital expenditures during the fourth quarter of 2005.

The net change in Northern Border Pipeline's long-term borrowings was a repayment of $20.0 million in the first quarter of 2006 compared with net borrowings of $5.0 million for the same quarter last year.

Recent Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment," which requires companies to expense the fair value of share-based payments and includes changes related to the expense calculation for share-based payments. Northern Plains adopted SFAS No. 123R as of January 1, 2006, and will charge Northern Border Pipeline for its proportionate share of the expense recorded by Northern Plains. The impact of adopting SFAS No. 123R does not have a material impact on Northern Border Pipeline's results of operations or financial position.

Results of Operations of Tuscarora Gas Transmission Company

In the following discussion of the results of Tuscarora, all amounts represent 100% of the operations of Tuscarora, in which the Partnership has held a 49% interest since September 1, 2000.

Overview

Tuscarora is a Nevada general partnership formed in 1993. Its general partners are TC Tuscarora Intermediate Limited Partnership, a direct subsidiary of TC PipeLines, which holds a 49% general partner interest, Tuscarora Gas Pipeline Co., a wholly owned subsidiary of Sierra Pacific Resources, which holds a 50% general partner interest and TCPL Tuscarora Ltd., an indirect wholly owned subsidiary of TransCanada, which holds the remaining 1% general partner interest in Tuscarora.

The management of Tuscarora is overseen by a management committee that determines the policies of, has authority over the affairs of, and approves the actions of Tuscarora. The management committee participates in the management of the construction, maintenance and operation of the Tuscarora pipeline system. Tuscarora owns a 240-mile, 20-inch diameter, United States interstate pipeline system that originates at an interconnection point with facilities of GTN, a wholly-owned subsidiary of TransCanada, near Malin, Oregon and runs southeast through northeastern California and northwestern Nevada. The Tuscarora pipeline system terminates near Wadsworth, Nevada. Along its route, deliveries are made in Oregon, northern California and northwestern Nevada. Deliveries are also made directly to the local gas distribution system of Sierra Pacific Power, a subsidiary of Sierra Pacific Resources.

The Tuscarora pipeline system was constructed in 1995 and was placed into service in December 1995. In January 2001, Tuscarora completed construction of the Hungry Valley lateral, a 14-mile, 16-inch pipeline extension that serves as Tuscarora's second connection into Reno, Nevada. On December 1, 2002, Tuscarora completed and placed into service another expansion of its pipeline system. The 2002 Tuscarora expansion consisted of two compressor stations and an 11-mile pipeline extension from a point near the previous terminus of the Tuscarora pipeline system near Reno, Nevada to Wadsworth, Nevada. The expansion increased Tuscarora's contracted capacity from 127 mmcfd to approximately 180 mmcfd. The new capacity is contracted under long-term firm transportation contracts ranging from ten to fifteen years.

Tuscarora completed construction of the Barrick Lateral, a 0.5 mile lateral that provides transportation service to a new electric generation customer located near Tracy, Nevada. The construction of the lateral was completed on time and commissioned for service to Barrick Goldstrike on June 25, 2005.

Tuscarora has firm transportation contracts for over 95% of its available capacity, including contracts held by Sierra Pacific Power for 69% of the total available capacity, the majority of which expires on October 31, 2017. As of March 31, 2006, the weighted-average contract life on the Tuscarora pipeline system was approximately 12.2 years.

Recent Developments

Cost and Revenue Study – In accordance with a letter agreement executed on September 25, 2001 with the Public Utilities Commission of Nevada (PUCN), Tuscarora had an obligation to file a cost and revenue study with the FERC, within a reasonable timeframe following the third anniversary of the in-service date of its 2002 expansion

project. The project was placed into service on December 1, 2002. As a result of that requirement, Tuscarora and the PUCN entered into settlement discussions with respect to a potential rate adjustment. On April 26, 2006 the PUCN approved a settlement with Tuscarora. The settlement results in a firm transportation rate of $0.40/decatherm per day (dth-day) beginning June 1, 2006. This is a 17% reduction to the current rate of $0.4811/dth-day, or approximately $5 million reduction in Tuscarora's annual revenues. In addition, the settlement results in a rate protest moratorium of 48 months to June 1, 2010, including a moratorium of rates protests related to expansion projects where Tuscarora proposes to price the expansion at the settlement rate. There is no requirement to file a cost and revenue study or rate case at the end of the moratorium period. The settlement also terminates the September 2001 requirement for Tuscarora to file a cost and revenue study. Tuscarora has offered all of its firm shippers the opportunity to participate in the settlement. Following their responses, the settlement will be filed with the FERC for approval.

Critical Accounting Policies

Tuscarora's accounting policies conform to SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation." Accordingly, certain assets that result from the regulated ratemaking process are recorded that would not be recorded by entities not accounted for under SFAS No. 71.

Results of Operations

The following tables set out summarized financial information for Tuscarora for the three months ended March 31, 2006 and 2005 and as at March 31, 2006 and December 31, 2005. Amounts discussed represent 100% of the operations of Tuscarora, in which the Partnership has held a 49% interest since September 1, 2000.

Tuscarora Income Statement

(unaudited) **(millions of dollars)**	**Three months ended March 31** **2006**	 **2005**
Revenues	**8.3**	8.3
Costs and expenses	**(1.2)**	(1.1)
Depreciation	**(1.6)**	(1.5)
Financial charges	**(1.4)**	(1.5)

Other income	**0.1**	—
Net income	**4.2**	4.2

Tuscarora Balance Sheet

(millions of dollars)	March 31 2006 (unaudited)	December 31 2005
Assets		
Cash and cash equivalents	**6.4**	3.8
Other current assets	**3.0**	3.0
Plant, property and equipment, net	**130.2**	131.6
Other assets	**1.4**	1.4
	141.0	139.8
Liabilities and Partners' Equity		
Current liabilities	**8.2**	6.8
Long-term debt	**71.1**	71.1
Partners' equity		
Partners' capital	**61.6**	61.8
Accumulated other comprehensive income	**0.1**	0.1
	141.0	139.8

Operating Results

Net income remained flat at $4.2 million for the three months ended March 31, 2006, compared with the same period last year.

Revenues earned by Tuscarora remained flat at $8.3 million for the three months ended March 31, 2006, compared with the same period last year.

Costs and expenses increased $0.1 million, or 9%, to $1.2 million in the three months ended March 31, 2006, compared to $1.1 million for the same period last year due to higher operations and maintenance expense. Depreciation increased $0.1 million, or 7%, to $1.6 million in the three months ended March 31, 2006, compared to $1.5 million for the same period last year due to a higher gross plant balance. Financial charges decreased $0.1 million, or 7%, to $1.4 million in the three months ended March 31, 2006, compared to $1.5 million for the same period last year due to lower average debt outstanding.

Liquidity and Capital Resources of Tuscarora Gas Transmission Company

Debt and Credit Facilities

The following table summaries Tuscarora's debt and credit facilities outstanding as of March 31, 2006:

	Payments Due by Period				
(millions of dollars)	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Series A Senior Notes due 2010	61.6	3.6	6.7	51.3	—
Series B Senior Notes due 2010	6.3	0.4	0.9	5.0	—
Series C Senior Notes due 2012	8.0	0.8	1.7	1.6	3.9
Operating Leases	0.3	0.1	0.2	—	—
Commitments (1)	1.1	0.7	0.4	—	—
Total	$ 77.3	$ 5.6	$ 9.9	$ 57.9	$ 3.9

(1) Tuscarora's commitments relate to a contract with a third party for maintenance services on certain components of its pipeline-related equipment. The contract expires in November 2007.

Short-term liquidity needs will be met by operating cash flows. Long-term capital needs may be met through the issuance of long-term indebtedness.

Cash Flows from Operating Activities

Cash provided by operating activities was $7.1 million for the three months ended March 31, 2006, compared to $7.4 million for the same quarter in 2005. Cash provided by operating activities decreased $0.3 million primarily due to a reduction in working capital.

Cash Flows from Investing Activities

Cash used in investing activities was $0.1 million for the three months ended March 31, 2006, compared to $0.2 million for the same quarter in 2005. The decreased use of cash was primarily due to higher growth capital expenditures in 2005, which were related to the Barrick Lateral.

Cash Flows from Financing Activities

Cash used in financing activities was $4.4 million for the three months ended March 31, 2006, compared to $4.2 million for the same quarter in 2005. The increased use of cash was due to higher cash distributions paid to Tuscarora's partners in 2006.

Sierra Pacific Resources

Sierra Pacific Power, a wholly owned subsidiary of Sierra Pacific Resources, is Tuscarora's largest shipper with approximately 69% of the total available capacity through 2017. Sierra Pacific Power, along with Nevada Power Company, (together, the Utilities) have been involved in Enron Power Marketing Inc.'s (Enron's) bankruptcy proceedings, including a lawsuit filed by Enron against the Utilities asserting claims for termination payments Enron claimed it was owed under purchased power contracts with the Utilities.

On February 1, 2006, the Utilities completed the settlement of long-term, ongoing litigation involving more than $300 million in terminated contracts between Enron and the Utilities in accordance with the terms of the Settlement Agreement, entered into as of November 15, 2005 among the Utilities and Enron (the "Settlement Agreement"). As part of the settlement, the Utilities were granted an allowed, general unsecured claim (Unsecured Claim) from Enron in the aggregate amount of $126.5 million. The Utilities expect to realize no less than 30% of the face value of the Unsecured Claim. In addition, the Utilities paid Enron an aggregate amount of $129 million to settle Enron's claim of more than $300 million for payments on contracts Enron terminated in 2002. The Utilities funded the termination payment amounts through available cash resources. Approximately $63.6 million held in escrow pursuant to the terms of a stipulation between Enron and the Utilities has been returned to the Utilities. This would result in the Utilities' net payment to be no more than $30 million.

Sierra Pacific Power remains current on its shipping contracts with Tuscarora.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCUSSIONS ABOUT MARKET RISK

TC PipeLines, LP

TC PipeLines may be exposed to market risk through changes in interest rates. The Partnership does not have any material foreign exchange risks. TC PipeLines' interest rate exposure results from its Revolving Credit Facility, which is subject to variability in LIBOR interest rates. At March 31, 2006, TC PipeLines had $13.5 million outstanding on its Revolving Credit Facility. If LIBOR interest rates changed by one percent compared to the rates in effect at March 31, 2006, there would be no material change to TC PipeLines' interest rate exposure. This amount has been determined by considering the impact of the hypothetical interest rates on variable rate borrowings outstanding as of March 31, 2006.

The Partnership is also influenced by the same factors that influence Northern Border Pipeline and Tuscarora. Neither Northern Border Pipeline nor Tuscarora owns any of the natural gas it transports, therefore, neither assumes any of the related natural gas commodity price risk.

Northern Border Pipeline utilizes both fixed- and variable-rate debt and is exposed to market risk due to the floating interest rates on its credit facility. Northern Border Pipeline regularly assesses the impact of interest rate fluctuations on future cash flows and evaluate hedging opportunities to mitigate its interest rate risk.

Northern Border Pipeline maintains a significant portion of its debt at fixed rates to reduce its sensitivity to interest rate fluctuations and utilizes interest rate swap agreements to convert fixed-rate debt to variable-rate debt to manage interest expense. As of March 31, 2006, 99% of Northern Border Pipeline's outstanding debt was at fixed rates and there were no interest rate swap agreements outstanding.

If interest rates hypothetically increased 1% on Northern Border Pipeline's variable-rate borrowings outstanding at March 31, 2006, its interest expense would increase and 2006 projected net income would decrease by approximately $0.1 million.

PART I. FINANCIAL INFORMATION (Concluded)
ITEM 4. CONTROLS AND PROCEDURES

TC PipeLines, LP

Evaluation of disclosure controls and procedures.

Based on their evaluation of the Partnership's disclosure controls and procedures as of the end of the period covered by this quarterly report, the President and Chief Executive Officer and Chief Financial Officer of the general partner of the Partnership have concluded that the Partnership's disclosure controls and procedures were effective in ensuring that the information required to be disclosed by the Partnership in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

There were no changes in the Partnership's internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Partnership's internal control over financial reporting.

PART II. OTHER INFORMATION
ITEM 1A. RISK FACTORS

TC PipeLines, LP

The following risk factor was disclosed in the Partnership's annual report on Form 10-K for the year ended December 31, 2005, and is hereby removed as a result of the close of the Partnership's acquisition of an additional 20% general partnership interest in Northern Border Pipeline.

We may be unable to complete the transaction to acquire an additional 20% general partnership interest in Northern Border Pipeline from Northern Border Partners.

On February 14, 2006, we entered into a partnership interest purchase and sale agreement dated as of December 31, 2005 with Northern Border Pipeline to acquire an additional 20% partnership interest in Northern Border Pipeline. The purchase and sale agreement contains customary and other closing conditions that, if not satisfied or waived, would result in the sale not occurring, including: continued accuracy of the representations and warranties contained in the agreement; performance by each party of its obligations under the purchase and sale agreement; consummation of ONEOK's purchase of Northwest Border from TransCanada; consummation of the acquisition of certain ONEOK business segments by Northern Border Partners; and the absence of any decree, order, injunction or law that prohibits, restricts or substantially delays the transaction or makes the transaction unlawful. In addition, on March 2, 2006, a holder of limited partnership units of Northern Border Partners filed a class action and derivative complaint on behalf of a putative class of all holders of limited partnership units against Northern Border Partners, ONEOK, Northern Plains, and related entities involved in the Transactions, which, among other things, seeks to enjoin the Transactions or to rescind the Transactions if the Transactions are completed prior to entry of a final judgment in the case.

PART II. OTHER INFORMATION (Concluded)
ITEM 6. EXHIBITS

TC PipeLines, LP

Exhibits

No.	Description
10.1	First Amended and Restated General Partnership Agreement of Northern Border Pipeline Company dated as of April 6, 2006 by and between Northern Border Intermediate Limited Partnership and TC Pipelines Intermediate Limited Partnership. (Incorporated by reference to Exhibit 3.1 to Northern Border Pipeline Company's Form 8-K filed April 12, 2006 (File No. 333-87753)).
10.2	Consent and Amendment to Operating Agreement dated as of April 6, 2006 by and between Northern Border Pipeline Company and Northern Plains Natural Gas Company, LLC. (Incorporated by reference to Exhibit 10.1 to Northern Border Pipeline Company's Form 8-K filed April 12, 2006 (File No. 333-87753)).
10.3	Operating Agreement dated as of April 6, 2006 by and between Northern Border Pipeline Company and TransCan Northwest Border Ltd. (Incorporated by reference to Exhibit 10.2 to Northern Border Pipeline Company's Form 8-K filed April 12, 2006 (File No. 333-87753)).
10.4	Transaction Fee Agreement dated as of April 6, 2006 by and between TC PipeLines, LP and TransCan Northwest Border Ltd.
10.5	Credit Agreement dated as of March 31, 2006 by and among TC PipeLines, LP, Citigroup Global Markets Inc. and UBS Loan Finance LLC ("UBS"), as joint lead arrangers and joint book managers, Citicorp North America, Inc., as administrative agent and a lender, UBS, as syndication agent and a lender, Mizuho Corporate Bank, Ltd. and Bank of Tokyo-Mitsubishi UFJ., as co-documentation agents and lenders, and SunTrust Bank, as a lender.
10.6	Sixth Amendment to Credit Agreement dated as of August 22, 2000 by and among TC PipeLines, LP, the Lenders party thereto and JPMorgan Chase Bank, National Association, as agent, dated as of March 31, 2006.
31.1	Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

TRANSACTION FEE agreement

THIS TRANSACTION FEE AGREEMENT (this "**Agreement**"), dated as of April 6, 2006, is by and between TransCan Northwest Border Ltd. ("**TCNB**"), a corporation incorporated under the laws of Delaware and TC PipeLines, LP ("**TCLP**"), a limited partnership formed under the laws of Delaware. TCNB and TCLP are sometimes referred to herein individually as a "**Party**" and, collectively, as the "**Parties**".

RECITALS

WHEREAS:

A. TCLP, through its intermediate limited partnership, TC Intermediate Limited Partnership ("**TCILP**"), has agreed to purchase from Northern Border Intermediate Limited Partnership ("**NBILP**"), and NBILP has agreed to sell to TCILP, a 20% general partnership interest in Northern Border Pipeline Company (the "**Partnership**") upon the conditions set forth in the purchase and sale agreement (the "**NBPC Purchase and Sale Agreement**") between TCILP and NBILP dated February 14, 2006;

B. Concurrent with the above transaction, TCNB, an affiliate of TCLP, has agreed to sell 100% of the stock in its subsidiary, Northwest Border Pipeline Company, to Northern Plains Natural Gas Company, LLC ("**Northern Plains**"), a general partner of NBILP and the current operator of the Partnership, upon the conditions set forth in the purchase and sale agreement (the "**NWB Purchase and Sale Agreement**") between TCNB and Northern Plains dated February 14, 2006;

C. It is a condition to the completion of the transactions contemplated by the NBPC Purchase and Sale Agreement that an operating agreement be entered into by TCNB and the Partnership in substantially the form appended as Exhibit B to the NBPC Purchase and Sale Agreement;

D. In recognition of the benefits to TCLP of its affiliate, TCNB, assuming the duties and responsibilities of becoming the operator of the Partnership, TCLP has agreed to pay TCNB a fee in connection with transaction costs incurred by TCNB for the assumption of operatorship ("**Transaction Fee**") and as such the Parties desire to enter into this Agreement for the purpose of describing the terms and payment of such Transaction Fee.

NOW THEREFORE, in consideration of the mutual covenants and agreements in this Agreement and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows.

ARTICLE 1
TRANSACTION FEE

1.1 Terms of Payment and Adjustment.

(a) Upon the Closing of the transactions under the NBPC Purchase and Sale Agreement (as such term is defined in such agreement), TCLP shall make a cash payment to TCNB of $10,000,000 (the "**Transaction Fee Estimated Payment**").

(b) During the period from February 14, 2006 until 180 calender days from the date that TCNB or an affiliate commences its responsibilities as operator under the Operating Agreement (the "**Term**"), TCNB shall keep a written record of account of all costs and expenses incurred by it in relation to the assumption of operatorship that would not have otherwise been incurred by TCNB had the operatorship of the Partnership not been transferred. As soon as practicable from the end of the

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(c) Term, TCNB shall total the aggregate amount of such costs and expenses (the "**Actual Transaction Fee**") and promptly provide an itemized breakdown of such amount to TCLP.

(d) If the Transaction Fee Estimated Payment exceeds the aggregate amount of Actual Transaction Fee, then TCNB shall promptly refund the difference to TCLP. To the extent that the Actual Transaction Fee exceeds the Transaction Fee Estimated Payment then no further payment shall be made to or by either Party. For greater certainty, in no event shall TCLP's aggregate liability under this Agreement exceed $10,000,000 regardless of the aggregate amount of the Actual Transaction Fee.

1.2 Audit Rights

TCLP shall have the right, for ninety (90) calendar days after delivery by TCNB of the itemized breakdown of the Actual Transaction Fee, to audit (at its own expense) all items considered by TCNB to be included in the Actual Transaction Fee and TCNB shall cooperate reasonably with the party performing such audit.

1.3 Dispute Resolution

At the end of the ninety (90) calendar day period specified in Section 1.2, in the event that there is a disagreement by TCLP regarding the determination of whether an item should be included in the Actual Transaction Fee, it shall provide written notice to TCNB setting forth the description of the item(s) forming the basis of the disagreement (a "Dispute"). The Parties will endeavor to reach a satisfactory solution by referring the Dispute to senior management of each of the disputing Parties. The senior management of the Disputing Parties will meet, and negotiate in good faith with a view to reaching a satisfactory solution of the Dispute as soon as possible, but not more than seven (7) calendar days' following delivery of written notice of any Dispute unless specifically agreed otherwise. Should senior management of the disputing Parties be unable to resolve the Dispute within twenty-one (21) calender days following delivery of written notice of any Dispute, any Disputing Party may avail itself of any other remedy or remedies available to it at law or in equity.

ARTICLE 2

OTHER PROVISIONS

2.1 Counterparts.

This Agreement may be executed and delivered (including by facsimile or otherwise) in one or more counterparts, all of which, taken together, shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

2.2 Governing Law and Jurisdiction.

This Agreement and the rights and obligations of the parties hereunder and the transactions contemplated hereby shall be governed by, enforced, and interpreted in accordance with the laws of the state of Delaware, excluding (to the greatest extent permissible by law) any rule of law that would cause the application of the laws of any jurisdiction other than the state of Delaware. The Parties submit to the exclusive jurisdiction of the state or federal court of Delaware.

2.3 Entire Agreement.

This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes any prior agreements, understandings, representations or warranties, both written and oral, between the Parties.

2.4 Successors and Assigns.

Except for an assignment from TCNB to an affiliate, the rights and obligations of the Parties shall not be assigned or delegated by either Party without the written consent of the other Party. Subject to the preceding sentence, this Agreement shall be binding upon and inure to the benefit of the Parties and their successors and assigns.

2.5 Amendments and Waivers.

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all Parties. A Party may, only by an instrument in writing, waive compliance by the other Party with any term or provision of this Agreement on the part of such other Party to be performed or complied with. The waiver by a Party of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

2.6 Severability.

If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any applicable law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to a Party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to give effect to the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

IN WITNESS WHEREOF this Agreement has been signed by or on behalf of each of the Parties as of the day first above written.

TransCan Northwest Border Ltd.

By: /s/ Paul E. Miller
Name: Paul E. Miller
Title: President

By: /s/ Rhondda E.S. Grant
Name: Rhondda E.S. Grant
Title: Secretary

TC PipeLines, LP, by its general partner, TC PipeLines GP, Inc.

By: /s/ Max Feldman
Name: Max Feldman
Title: Vice-President

By: /s/ Amy Leong
Name: Amy Leong
Title: Controller

Exhibit 10.5

CREDIT AGREEMENT

Dated as of March 31, 2006

Among

TC PIPELINES, LP

as Borrower

(By its General Partner TC PipeLines GP, Inc.)
and

THE INITIAL LENDERS NAMED HEREIN

as Initial Lenders

and

CITICORP NORTH AMERICA, INC.

as Administrative Agent

and

MIZUHO CORPORATE BANK, LTD.

and

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., HOUSTON AGENCY

as Co-Documentation Agents

and

CITICORP NORTH AMERICA, INC.

as Administrative Agent

and

CITIGROUP GLOBAL MARKETS INC.

and

UBS LOAN FINANCE LLC

as Joint Lead Arrangers and Joint Book Managers

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CREDIT AGREEMENT

Dated as of March 31, 2006

TC PIPELINES, LP, a Delaware limited partnership (the "Borrower"), by its General Partner TC PipeLines GP, Inc., the banks, financial institutions and other institutional lenders (the "Initial Lenders") listed on the signature pages hereof, and CITICORP NORTH AMERICA, INC. ("CNAI"), as agent (the "Agent") for the Lenders (as hereinafter defined), agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Acquisition" means the Borrower's acquisition of an additional 20% interest in the Northern Border Pipeline Company.

"Adjusted Cash Flow" means, with reference to any period (i) the net income (or loss) of the Borrower and its consolidated Subsidiaries for such period calculated on a consolidated basis in accordance with GAAP, *plus* (ii) to the extent taken into account in determining such net income (or loss), the sum of interest expense, expense for taxes paid or accrued, depreciation, amortization and extraordinary losses incurred other than in the ordinary course of business, *minus* (iii) to the extent taken into account in determining such net income (or loss), extraordinary gains realized other than in the ordinary course of business, *minus* (iv) to the extent taken into account in determining such net income (or loss), equity earnings of any Person in which the Borrower or any of its consolidated Subsidiaries has an interest (which interest does not cause the net income of such Person to be consolidated with the net income of the Borrower and its consolidated Subsidiaries in accordance with GAAP), *plus* (v) the aggregate amount of all cash dividends and other distributions of cash actually received by the Borrower or any of its consolidated Subsidiaries during such period from any Person in which the Borrower or any of its consolidated Subsidiaries has an interest (which interest does not cause the net income of such other Person to be consolidated with the net income of the Borrower and its consolidated Subsidiaries in accordance with GAAP).

"Advance" means an advance by a Lender to the Borrower as part of a Borrowing under Section 2.01 and refers to a Base Rate Advance or a Eurodollar Rate Advance (each of which shall be a "Type" of Advance).

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition the term "control" (including the terms "controlling",

"controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise, provided, that, for purposes of Section 5.01(h), each of Northern Border and Tuscarora shall be deemed to be an Affiliate of the Borrower as long as it qualifies as a Significant Subsidiary.

"Agent" has the meaning specified in the recitals hereto.

"Agent's Account" means the account of the Agent maintained by the Agent at Citibank at its office at 388 Greenwich Street, New York, New York 10013, Account No. 36852248, Attention: Bank Loan Syndications.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

"Applicable Margin" means as of any date, a percentage per annum determined by reference to the Leverage Ratio in effect on such date as set forth below:

Leverage Ratio	**Applicable Margin for Base Rate Advances**	**Applicable Margin for Eurodollar Rate Advances**
£ 2.50 to 1.00	0.000%	0.875%
> 2.50 to 1.00 but £ 4.50 to 1.00	0.125%	0.950%
> 4.50 to 1.00	0.250%	1.250%

provided, that the Applicable Margin will be increased by 0.125% per annum on the date that is 12 months after the Effective Date and will be further increased by 0.25% per annum on the date that is 18 months after the Effective Date. The Applicable Margin shall be determined by reference to the Leverage Ratio in effect from time to time; provided, that no reduction in the Applicable Margin shall be effective until three Business Days after the date on which the Agent receives the financial statements required to be delivered pursuant to Section 5.01(i)(i) or (ii), as the case may be, and a certificate of the Chief Financial Officer or Controller of the General Partner of the Borrower demonstrating such ratio.

"Applicable Percentage" means, as of any date, a percentage per annum determined by reference to the Leverage Ratio in effect on such date as set forth below:

Leverage Ratio	**Applicable Percentage**
£ 2.50 to 1.00	0.175%
> 2.50 to 1.00 but £ 4.50 to 1.00	0.225%
> 4.50 to 1.00	0.275%

The Applicable Percentage shall be determined by reference to the Leverage Ratio in effect from time to time; provided, that no reduction in the Applicable Percentage shall be effective until three Business Days after the date on which the Agent receives the financial statements required to be delivered pursuant to Section 5.01(i)(i) or (ii), as the case may be, and a certificate of the Chief Financial Officer of the Borrower demonstrating such ratio.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Agent, in substantially the form of Exhibit C hereto.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the higher of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate; and

(b) ½ of one percent per annum above the Federal Funds Rate.

"Base Rate Advance" means an Advance that bears interest as provided in Section 2.06(a)(i).

"Borrower" has the meaning specified in the recitals hereto.

"Borrower Information" has the meaning specified in Section 8.08.

"Borrowing" means a borrowing consisting of simultaneous Advances of the same Type made by the Lenders.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City, Calgary, Canada and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"Change in Accounting Principles" means changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or any successor thereto, the SEC or, if applicable, the Public Company Accounting Oversight Board.

"Citibank" means Citibank, N.A.

"Commitment" means as to any Lender (a) the amount set forth opposite such Lender's name on Schedule I hereto as such Lender's "Commitment" or (b) if such Lender has entered into any Assignment and Acceptance, the amount set forth for such Lender in the Register maintained by the Agent pursuant to Section 8.07(d), as such amount may be reduced pursuant to Section 2.04.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.

"Convert", "Conversion" and "Converted" each refers to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.07 or 2.08.

"Covenant Indebtedness" of any Person means all items that, in accordance with GAAP, would be classified as indebtedness on a Consolidated balance sheet of such Person.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (g) all Debt of others referred to in clauses (a) through (f) above or clause (h) below and other payment obligations (collectively, "Guaranteed Debt") guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Guaranteed Debt or to advance or supply funds for the payment or purchase of such Guaranteed Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Guaranteed Debt or to assure the holder of such Guaranteed Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (h) all Debt referred to in clauses (a) through (g) above (including Guaranteed Debt)

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secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt, provided, that if such Person is not liable for such obligation, the amount of such Person's Debt with respect thereto shall be deemed to be the lesser of the stated amount of such obligation and the value of the property subject to such Lien.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Disclosed Litigation" has the meaning specified in Section 3.01(b).

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Effective Date" has the meaning specified in Section 3.01.

"Eligible Assignee" means (i) a Lender; (ii) an Affiliate of a Lender; and (iii) any other Person approved by the Agent and, unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 8.07, the Borrower, such approval not to be unreasonably withheld or delayed; provided, however, that neither the Borrower nor an Affiliate of the Borrower shall qualify as an Eligible Assignee.

"Environmental Action" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Law" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

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

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the Borrower's controlled group, or under common control with the Borrower, within the meaning of Section 414 of the Internal Revenue Code.

"ERISA Event" means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as

defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of the Borrower or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 302(f) of ERISA shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Eurodollar Rate" means, for any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing, an interest rate per annum equal to the rate per annum obtained by dividing (a) the rate per annum (rounded upward to the nearest whole multiple of 1/16 of 1% per annum) appearing on Moneyline Telerate Markets Page 3750 (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period or, if for any reason such rate is not available, the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in U.S. dollars are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance comprising part of such Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period by (b) a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage for such Interest Period. If the Moneyline Telerate Markets Page 3750 (or any successor page) is unavailable, the Eurodollar Rate for any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.07.

"Eurodollar Rate Advance" means an Advance that bears interest as provided in Section 2.06(a)(ii).

"Eurodollar Rate Reserve Percentage" for any Interest Period for all Eurodollar Rate Advances comprising part of the same Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that

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includes deposits by reference to which the interest rate on Eurodollar Rate Advances is determined) having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"GAAP" has the meaning specified in Section 1.03.

"General Partner" means TC PipeLines GP, Inc.

"Hazardous Materials" means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"Hedge Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements.

"Hedge Termination Value" means, in respect of any one or more Hedge Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedge Agreements, (a) for any date on or after the date such Hedge Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a) the amount(s) determined as the mark-to-market value(s) for such Hedge Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedge Agreements (which may include any Lender).

"Information Memorandum" means the confidential information memorandum dated March 13, 2006 used by the Agent in connection with the syndication of the Commitments.

"Initial Lenders" has the meaning specified in the recitals hereto.

"Interest Expense" means, for any period, total interest expense determined in accordance with GAAP.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurodollar Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, and subject to clause (c) of this definition, nine or twelve months, as the Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(a) the Borrower may not select any Interest Period that ends after the Termination Date;

(b) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Borrowing shall be of the same duration;

(c) the Borrower shall not be entitled to select an Interest Period having 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 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;

(d) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(e) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Lenders" means the Initial Lenders and each Person that shall become a party hereto pursuant to Section 8.07.

"Leverage Ratio" means, as of any date, the ratio of Covenant Indebtedness of the Borrower on such date to Adjusted Cash Flow of the Borrower for the period of four fiscal quarters most recently ended on or immediately prior to such date.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Material Adverse Change" means any material adverse change in the business, condition (financial or otherwise), operations, performance or properties of the Borrower, its Subsidiaries, Northern Border and Tuscarora taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance or properties of the Borrower, its Subsidiaries, Northern Border and Tuscarora taken as a whole, (b) the rights and remedies of the Agent or any Lender under this Agreement or any Note or (c) the ability of the Borrower to perform its obligations under this Agreement or any Note.

"Maturity Date" means the second anniversary of the Effective Date.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any ERISA Affiliate and at least one Person other than the Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Net Cash Proceeds" means, with respect to any sale, lease, transfer or other disposition of any asset or the incurrence or issuance of any Debt or the sale or issuance of any equity by the Borrower, the aggregate amount of cash received from time to time (whether as initial consideration or through payment or disposition of deferred consideration) by or on behalf of such Person in connection with such transaction after deducting therefrom only (without duplication) (a) reasonable and customary brokerage commissions, underwriting fees and discounts, legal and accounting fees, filing fees, finder's fees and other similar fees and commissions, (b) the amount of taxes estimated in good faith by the Borrower to be payable by the Borrower or any of its Subsidiaries in connection with or as a result of such transaction, (c) the amount of any Debt secured by a Lien on such

asset, (d) in the case of any receipt of proceeds by a Subsidiary of the Borrower, any amount required to be distributed to the holders of any minority equity interest in the respective Subsidiary (or in any other Subsidiary which directly or indirectly holds capital stock or equivalent interests in such Subsidiary), and (e) with respect to any sale, lease, transfer or other disposition of any asset, any amount of such Net Cash Proceeds set aside as a reserve established in good faith by the Borrower or such Subsidiary for indemnity or other potential claims in connection therewith until any unused reserves are no longer maintained in connection therewith, in each case to the extent, but only to the extent, that the amounts so deducted are at the time of receipt of such cash, actually paid to a Person that is not an Affiliate of the Borrower and are properly attributable to such transaction or to the asset that is the subject thereof, provided, that for purposes of determining the date of receipt of Net Cash Proceeds from the sale, lease, transfer or other disposition of any asset, such Net Cash Proceeds shall be deemed to have been received on the date that is six months after the date of such disposition.

"Northern Border" means Northern Border Pipeline Company, a Texas general partnership.

"Note" means a promissory note of the Borrower payable to the order of any Lender, delivered pursuant to a request made under Section 2.15 and in substantially the form of Exhibit A hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Advance made by such Lender.

"Notice of Borrowing" has the meaning specified in Section 2.02(a).

"Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, signed into law October 26, 2001.

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor).

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof; (b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 30 days unless being contested in good faith, provided that adequate reserves for the payment thereof have been established in accordance with GAAP and no property of the Borrower or any Subsidiary is subject to impending risk of loss or forfeiture by reason of nonpayment of the obligations

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secured by such Liens; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

"Plan" means a Single Employer Plan or a Multiple Employer Plan.

"Reference Banks" means CNAI, UBS Loan Finance LLC and Mizuho Corporate Bank, Ltd.

"Register" has the meaning specified in Section 8.07(d).

"Required Lenders" means at any time Lenders owed or holding at least a majority in interest of the Advances outstanding at such time or, if no Advances are then outstanding, Lenders holding at least a majority of the Commitments at such time.

"SEC" means the Securities and Exchange Commission, any successor thereto and any analogous governmental authority.

"Significant Subsidiary" has the meaning specified in Article 1, Rule 1-02(w) of Regulation S-X of the Securities Exchange Act of 1934 as of the Effective Date, provided, that, even if Northern Border and Tuscarora would not otherwise constitute a Subsidiary of the Borrower, each of Northern Border and Tuscarora shall be deemed to be a Significant Subsidiary of the Borrower if it would otherwise qualify as a Significant Subsidiary under Article 1, Rule 1-02(w) of Regulation S-X as of the Effective Date.

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any ERISA Affiliate and no Person other than the Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"Solvent" and "Solvency" 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, without limitation, contingent liabilities, of such Person, (b) the present fair salable 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 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 such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Termination Date" means the earlier of (a) March 31, 2008 and (b) the date of termination in whole of the Commitments pursuant to Section 2.04 or 6.01.

"Tuscarora" means Tuscarora Gas Transmission Company, a Nevada general partnership.

"Voting Stock" means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

SECTION 1.02. Computation of Time Periods. In this Agreement 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 words "to" and "until" each mean "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) ("GAAP"). In the event that any Change in Accounting Principles shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then, upon the request of the Borrower or the Required Lenders, the Borrower and the Agent agree to enter into negotiations in order to amend such provisions of this Agreement so as to reflect equitably such Change in Accounting Principles with the desired result that the criteria for evaluating the Borrower's financial condition shall be the same after such Change in Accounting Principles as if such Change in Accounting Principles had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrower, the Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Change in Accounting Principles had not occurred.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make an advance (its "Advance") to the Borrower on the Effective Date in an amount not to exceed such Lender's Commitment at such time. The Borrowing shall consist of Advances made simultaneously by the Lenders ratably according to their Commitments. Amounts borrowed under this Section 2.01 and repaid or prepaid may not be reborrowed.

SECTION 2.02. Making the Advances. (a) Each Borrowing shall be made on notice, given not later than (x) 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurodollar Rate Advances or (y) 11:00 A.M. (New York City time) on the date of the proposed Borrowing in the case of a Borrowing consisting of Base Rate Advances, by the Borrower to the Agent, which shall give to each Lender prompt notice thereof by telecopier. Each such notice of a Borrowing (a "Notice of Borrowing") shall be by telephone, confirmed promptly in writing, or telecopier in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Borrowing, (ii) Type of Advances comprising such Borrowing, (iii) aggregate amount of such Borrowing, and (iv) in the case of a Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for each such Advance. Each Lender shall, before 1:00 P.M. (New York City time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in same day funds, such Lender's ratable portion of such Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower at the Agent's address referred to in Section 8.02.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrower may not select Eurodollar Rate Advances for any Borrowing if the aggregate amount of such Borrowing is less than $5,000,000 or if the obligation of the Lenders to make Eurodollar Rate Advances shall then be suspended pursuant

to Section 2.07 or 2.11 and (ii) the Eurodollar Rate Advances may not be outstanding as part of more than six separate Borrowings.

(c) Each Notice of Borrowing shall be irrevocable and binding on the Borrower. In the case of any Borrowing that the related Notice of Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower shall indemnify each Lender as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing for such Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(d) Unless the Agent shall have received notice from a Lender prior to the time of any Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Borrowing in accordance with subsection (a) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Advances comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement.

(e) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

SECTION 2.03. Fees. (a) Commitment Fee. The Borrower agrees to pay to the Agent for the account of each Lender a commitment fee on the aggregate amount of such Lender's unused Commitment from the date hereof until the Effective Date at a rate per annum equal to the Applicable Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December, commencing June 30, 2006, and on the Effective Date.

(b) Agent's Fees. The Borrower shall pay to the Agent for its own account such fees as may from time to time be agreed between the Borrower and the Agent.

SECTION 2.04. Termination or Reduction of the Commitments. (a) Optional. The Borrower shall have the right, upon at least three Business Days' notice to the Agent, to terminate in whole or permanently reduce ratably in part the unused portions of the Commitments, provided that each partial reduction shall be in the aggregate amount of $1,000,000 or an integral multiple of $1,000,000 in excess thereof .

(b) Mandatory. On the Effective Date, after giving effect to any Borrowing made on such date, and from time to time thereafter upon prepayment of the Advances, the aggregate Commitments shall be automatically and permanently reduced, on a pro rata basis, by an amount equal to the amount by which (i) the aggregate Commitments immediately prior to such reduction exceed (ii) the aggregate unpaid principal amount of the Advances then outstanding.

SECTION 2.05. Repayment. The Borrower shall repay to the Agent for the ratable account of the Lenders on the Maturity Date the aggregate principal amount of the Advances then outstanding.

SECTION 2.06. Interest on Advances. (a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of each Advance owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time plus (y) the Applicable Margin in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as such Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (x) the Eurodollar Rate for such Interest Period for such Advance plus (y) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default under Section 6.01(a), the Agent may, and upon the request of the Required Lenders shall, require the Borrower to pay interest ("Default Interest") on (i) the unpaid principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above, provided, however, that following acceleration of the Advances pursuant to Section 6.01, Default Interest shall accrue and be payable hereunder whether or not previously required by the Agent.

SECTION 2.07. Interest Rate Determination. (a) Each Reference Bank agrees to furnish to the Agent timely information for the purpose of determining each Eurodollar Rate. If any one or more of the Reference Banks shall not furnish such timely information to the Agent for the purpose of determining any such interest rate, the Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks. The Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.06(a)(i) or (ii), and the rate, if any, furnished by each Reference Bank for the purpose of determining the interest rate under Section 2.06(a)(ii).

(b) If, with respect to any Eurodollar Rate Advances, the Required Lenders notify the Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Agent shall forthwith so notify the Borrower and the Lenders, whereupon (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower that such Lenders have determined that the circumstances causing such suspension no longer exist.

(c) If the Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into a Eurodollar Rate Borrowing having an Interest Period of one month.

(d) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than $1,000,000, such Advances shall automatically Convert into Base Rate Advances.

(e) Upon the occurrence and during the continuance of any Event of Default, (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert

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into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

(f) If Moneyline Telerate Markets Page 3750 is unavailable and fewer than two Reference Banks furnish timely information to the Agent for determining the Eurodollar Rate for any Eurodollar Rate Advances,

(i) the Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Eurodollar Rate Advances,

(ii) each such Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make Eurodollar Rate Advances or to Convert Advances into Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.08. Optional Conversion of Advances. The Borrower may on any Business Day, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.07 and 2.11, Convert all or any portion of Advances of one Type comprising the same Borrowing into Advances of the other Type; provided, however, that any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b), no Conversion of any Advances shall result in more separate Borrowings than permitted under Section 2.02(b) and each Conversion of Advances comprising part of the same Borrowing shall be made ratably among the Lenders in accordance with their Commitments and provided, further that for any Conversion of Eurodollar Rate Advances into Base Rate Advances made other than on the last day of an Interest Period for such Eurodollar Rate Advances the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(c). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

SECTION 2.09. Prepayments of Advances. The Borrower may, upon notice at least two Business Days' prior to the date of such prepayment, in the case of Eurodollar Rate Advances, and not later than 11:00 A.M. (New York City time) on the date of such prepayment, in the case of Base Rate Advances, to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amount of the Advances comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof and (y) in the event of any such prepayment of a Eurodollar Rate Advance made other than on the last day of an Interest Period for such Eurodollar Rate Advances, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(c).

(b) Mandatory. (i) If the Borrower and its Subsidiaries shall have received Net Cash Proceeds in excess of $10,000,000 from (A) the sale, lease, transfer or other disposition of any assets of the Borrower (other than any sale, lease, transfer or other disposition of assets (1) in the ordinary course of business or (2) to the extent that the Net Cash Proceeds thereof are reinvested in similar assets within six months after the receipt of such Net Cash Proceeds), (B) the incurrence of or issuance by the Borrower or any of its Subsidiaries of any indebtedness for borrowed money, including indebtedness evidenced by notes, bonds, debentures or other similar instruments or (C) the sale or issuance by the Borrower of any of its equity interests, the Borrower shall be required to make a mandatory prepayment of Advances comprising a part of the same Borrowings in an aggregate amount equal to such Net Cash Proceeds. Any mandatory prepayment of Advances required to be made pursuant to this Section 2.09(b) shall be made on the earlier of (1) the last day of the Interest Period for any Advance ending after the date of receipt of such Net Cash Proceeds (until all such Net Cash Proceeds have been prepaid) and (2) the

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30th calendar day after the receipt thereof; provided, that, all such Net Cash Proceeds shall have been applied to prepay Advances not later than the 30th calendar day after the date that such Net Cash Proceeds exceed $10,000,000.

(ii) Each prepayment made pursuant to this Section 2.09(b) shall be made together with any interest accrued to the date of such prepayment on the principal amounts prepaid and, in the case of any prepayment of a Eurodollar Rate Advance on a date other than the last day of an Interest Period or at its maturity, any additional amounts which the Borrower shall be obligated to reimburse to the Lenders in respect thereof pursuant to Section 8.04(c).

SECTION 2.10. Increased Costs. (a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation after the Effective Date or (ii) the compliance with any guideline or request adopted after the Effective Date from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Advances (excluding for purposes of this Section 2.10 any such increased costs resulting from (i) Taxes or Other Taxes (as to which Section 2.13 shall govern) and (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrower and the Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) adopted or issued after the Effective Date affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type, then, upon demand by such Lender (with a copy of such demand to the Agent), the Borrower shall pay to the Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder. A certificate as to such amounts submitted to the Borrower and the Agent by such Lender shall be conclusive and binding for all purposes, absent manifest error.

(c) Notwithstanding anything to the contrary in this Section 2.10, the Borrower shall not be required to compensate a Lender pursuant to this Section 2.10 for any amounts incurred more than six months prior to the date that such Lender notifies the Borrower of such Lender'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 2.11. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority

asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (a) each Eurodollar Rate Advance will automatically, upon the last day of the applicable Interest Period or, if required by applicable law, immediately upon such demand, Convert into a Base Rate Advance and (b) the obligation of the Lenders to make Eurodollar Rate Advances or to Convert Advances into Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower that such Lender has determined that the circumstances causing such suspension no longer exist.

SECTION 2.12. Payments and Computations. (a) The Borrower shall make each payment hereunder, irrespective of any right of counterclaim or set-off, not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Agent at the Agent's Account in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or fees ratably (other than amounts payable pursuant to Section 2.10, 2.13 or 8.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to

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such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(c), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) The Borrower hereby authorizes each Lender, if and to the extent payment owed to such Lender is not made when due hereunder or under the Note held by such Lender, to charge from time to time against any or all of the Borrower's accounts with such Lender any amount so due.

(c) All computations of interest based on the Base Rate shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of fees shall be made by the Agent on the basis of a year of 360 days, in each case 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. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or fee, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at the Federal Funds Rate.

SECTION 2.13. Taxes. (a) Any and all payments by the Borrower to or for the account of any Lender or the Agent hereunder or under the Notes or any other documents to be delivered hereunder shall be made, in accordance with Section 2.12 or the applicable provisions of such other documents, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and the Agent, any branch profits tax imposed by the United States and taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction under the laws of which such Lender or the Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under the Notes being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note or any other documents to be delivered hereunder to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.13) such Lender or the Agent (as the case may be) receives 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 taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or under the Notes or any other documents to be delivered hereunder or from the execution, delivery or registration of,

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performing under, or otherwise with respect to, this Agreement or the Notes or any other documents to be delivered hereunder (hereinafter referred to as "Other Taxes").

(c) The Borrower shall indemnify each Lender and the Agent for and hold it harmless against the full amount of Taxes or Other Taxes (including, without limitation, taxes of any kind imposed or asserted by any jurisdiction on amounts payable under this Section 2.13) imposed on or paid by such Lender or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or the Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes, the Borrower shall furnish to the Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing such payment to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to the Agent. In the case of any payment hereunder or under the Notes or any other documents to be delivered hereunder by or on behalf of the Borrower through an account or branch outside the United States or by or on behalf of the Borrower by a payor that is not a United States person, if the Borrower determines that no Taxes are payable in respect thereof, the Borrower shall furnish, or shall cause such payor to furnish,

to the Agent, at such address, an opinion of counsel acceptable to the Agent stating that such payment is exempt from Taxes. For purposes of this subsection (d) and subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as reasonably requested in writing by the Borrower (but only so long as such Lender remains lawfully able to do so), shall provide each of the Agent and the Borrower with two original Internal Revenue Service Forms W-8BEN or W-8ECI, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes and, in the case of any Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Internal Revenue Code, a certificate to the effect that such Lender is not (A) a "bank" described in section 881(c)(3)(A) of the Internal Revenue Code, (B) a "10 percent shareholder" of the Borrower described in section 881(c)(3)(B) of the Internal Revenue Code, or (C) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Internal Revenue Code. Each such Lender shall promptly notify the Borrower at any time 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 U.S. taxing authorities for such purpose). If the form provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; provided, however, that, if at the date of the Assignment and Acceptance pursuant to which a Lender assignee becomes a party to this Agreement, the Lender assignor was entitled to payments under subsection (a) in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Lender assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service Form W-8BEN or W-8ECI, that the Lender reasonably considers to be confidential, the Lender shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information. If requested by the Borrower in order to obtain an exemption from or reduction from non-U.S. withholding taxes, a Lender shall deliver to the Borrower (with a copy to the Agent) at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

(f) For any period with respect to which a Lender has failed to provide the Borrower with the appropriate form, certificate or other document described in Section 2.13(e) (other than if such failure is due to a change in law, or in the interpretation or application thereof, 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 Lender shall not be entitled to the additional payment or indemnification under Section 2.13(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 Lender shall reasonably request to assist the Lender to recover such Taxes.

(g) If the Agent or any Lender determines, in its sole discretion, 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 2.13, 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 2.13 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the 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 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 Agent or such Lender in the event the Agent or such Lender is required to repay such refund to such governmental authority. This paragraph shall not be construed to require the 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.

SECTION 2.14. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances owing to it (other than pursuant to Section 2.10, 2.13 or 8.04(c)) in excess of its ratable share of payments on account of the Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Advances owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.14 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.15. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder in respect of Advances. The Borrower agrees that upon notice by any Lender to the Borrower (with a copy of such notice to the Agent) to the effect that a Note is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Advances owing to, or to be made by, such Lender, the Borrower shall promptly execute and deliver to such Lender a Note, in substantially the form of Exhibit A hereto, respectively, payable to the order of such Lender in a principal amount equal to the Commitment of such Lender.

(b) The Register maintained by the Agent pursuant to Section 8.07(d) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iv) the amount of any sum received by the Agent from the Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement.

SECTION 2.16. Use of Proceeds. The proceeds of the Advances shall be available (and the Borrower agrees that it shall use such proceeds) solely for payment of the cash consideration of the Acquisition and the transaction fee related to the Acquisition.

SECTION 2.17 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.10 or 2.13(a) with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate another lending office for any Advances affected by such event with the object of avoiding the consequences of such event; provided, that such designation would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender, and provided, further, that nothing in this Section 2.18 shall affect or postpone any of the obligations of the Borrower or the rights of any Lender pursuant to Section 2.10 or 2.13(a).

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of Section 2.01. Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied:

(a) There shall have occurred no Material Adverse Change since December 31, 2005.

(b) There shall exist no action, suit, investigation, litigation or proceeding affecting the General Partner, the Borrower or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (i) would be reasonably likely to have a Material Adverse Effect other than the matters described on Schedule 3.01(b) hereto (the "Disclosed Litigation") or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby, and there shall have been no adverse change in the status, or financial effect on the Borrower or any of its Subsidiaries, of the Disclosed Litigation from that described on Schedule 3.01(b) hereto.

(c) Nothing shall have come to the attention of the Lenders during the course of their due diligence investigation to lead them to believe that the Information Memorandum was or has become misleading, incorrect or incomplete in any material respect; without limiting the generality of the foregoing, the Lenders shall have been given such access to the management, records, books of account, contracts and properties of the Borrower and its Subsidiaries as they shall have reasonably requested.

(d) All governmental and third party consents and approvals necessary in connection with the transactions contemplated hereby and the Acquisition shall have been obtained (without the imposition of any conditions that are not acceptable to the Lenders) and shall remain in effect, and no law or regulation shall be applicable in the reasonable judgment of the Lenders that restrains, prevents or imposes materially adverse conditions upon the transactions contemplated hereby.

(e) The Borrower shall have notified each Lender and the Agent in writing as to the proposed Effective Date.

(f) The Borrower shall have paid all accrued fees and expenses of the Agent and the Lenders (including the accrued reasonable fees and expenses of counsel to the Agent).

(g) On the Effective Date, the following statements shall be true and the Agent shall have received for the account of each Lender a certificate of the Borrower, or on its behalf by the General Partner of the Borrower, signed on behalf of such Person by its President or a Vice President and its Secretary or any Assistant Secretary (or persons performing similar functions), dated the Effective Date, stating that:

(i) The representations and warranties contained in Section 4.01 are correct on and as of the Effective Date,

(ii) No event has occurred and is continuing that constitutes a Default,

(iii) All governmental and third party consents and approvals necessary in connection with the transactions contemplated hereby have been obtained (without the imposition of any conditions that are not acceptable to the Lenders) and shall remain in effect, all applicable waiting periods in connection with the Acquisition shall have expired without any action being taken by any competent authority, and no law or regulation shall be applicable in the reasonable judgment of the Lenders, in each case that restrains, prevents or imposes materially adverse conditions upon the transactions contemplated hereby, and

(iv) All conditions precedent to the consummation of the Acquisition (other than the payment of cash consideration from, among other sources, the proceeds of the initial Borrowing hereunder) have been satisfied substantially in accordance with the terms of the Partnership Interest Purchase and Sale Agreement dated as of December 31, 2005 between Northern Border Intermediate Limited Partnership, a Delaware limited partnership, and TC PipeLines Intermediate Limited Partnership, a Delaware limited partnership, without any waiver or amendment not consented to by the Required Lenders of any material term, provision or condition set forth therein, and in compliance with all applicable laws.

(h) The Agent shall have received on or before the Effective Date the following, each dated such day, in form and substance satisfactory to the Agent and (except for the Notes) in sufficient copies for each Lender:

(i) The Notes to the order of the Lenders to the extent requested by any Lender pursuant to Section 2.15.

(ii) Certified copies of the resolutions of or on behalf of the Borrower approving this Agreement and the Notes, and/or authorizing the General Partner or officers, as applicable, to act on behalf of the Borrower, and of all documents evidencing other necessary action (including, without limitation, all necessary General Partner, board of directors or other similar action) and governmental and other third party approvals and consents, if any, with respect to this Agreement and the Notes.

(iii) A certificate of the Secretary or an Assistant Secretary of the General Partner of the Borrower certifying the names and true signatures of the officers of such Person authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder.

(iv) A favorable opinion of Orrick, Herrington & Sutcliffe LLP, counsel for the Borrower, substantially in the form of Exhibit D hereto and as to such other matters as any Lender through the Agent may reasonably request.

(v) A favorable opinion of Shearman & Sterling LLP, counsel for the Agent, in form and substance satisfactory to the Agent.

SECTION 3.02. Conditions Precedent to Each Borrowing. The obligation of each Lender to make an Advance on the occasion of each Borrowing shall be subject to the conditions precedent that the Effective Date shall have occurred and on the date of such Borrowing (a) the following statements shall be true (and each of the giving of the applicable Notice of Borrowing and the acceptance by the Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Borrowing such statements are true):

(i) the representations and warranties contained in Section 4.01 (other than the representation set forth in Section 4.01(f)) are correct on and as of such date, before and after giving effect to such Borrowing, and to the application of the proceeds therefrom, as though made on and as of such date, and

(ii) no event has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom, that constitutes a Default;

and (b) the Agent shall have received such other approvals, opinions or documents as any Lender through the Agent may reasonably request.

SECTION 3.03. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Borrower, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto. The Agent shall promptly notify the Lenders of the occurrence of the Effective Date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware. The General Partner is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) The execution, delivery and performance by the Borrower of this Agreement and the Notes to be delivered by it, and the consummation of the transactions contemplated hereby, are within the Borrower’s partnership or the General Partner’s general corporate powers, have been duly authorized by all necessary action by or on behalf of the General Partner or the Borrower (including, without limitation, all necessary partner, managing member or other similar action), and do not contravene (i) the Borrower’s or the General Partner’s organizational documents or (ii) any material law or any material contractual restriction binding on or affecting the Borrower.

(c) No material authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Borrower or any general partner or managing member of the Borrower of this Agreement or the Notes to be delivered by it.

(d) This Agreement has been, and each of the Notes to be delivered by it when delivered hereunder will have been, duly executed and delivered by the Borrower. This Agreement is, and each of the Notes when delivered hereunder will be, the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors’ rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(e) The Consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 2005, and the related Consolidated statements of comprehensive income and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of KPMG LLP, independent public accountants, copies of which have been furnished to each Lender, fairly present the Consolidated financial condition of the Borrower and its Subsidiaries as at such date and the Consolidated results of the operations of the Borrower and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles in the United States of America consistently applied.

(f) Since December 31, 2005, there has been no Material Adverse Change.

(g) There is no pending or, to the knowledge of the Borrower, threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, against the General Partner, the Borrower or any of its Subsidiaries (other than the Disclosed Litigation) before any court, governmental agency or arbitrator that (i) is reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby.

(h) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(i) The Borrower is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(j) Neither the Information Memorandum nor any other information, exhibit or report furnished by or on behalf of the Borrower to the Agent or any Lender in connection with the negotiation and syndication of this Agreement or pursuant to the terms of this Agreement (other than projections, if any, and pro forma information) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein not materially misleading. The projections, if any, and pro forma financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of the Borrower to be reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount.

(k) The Borrower is, individually and together with its Subsidiaries, Solvent.

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA, Environmental Laws and the Patriot Act except to the extent that failure to comply therewith would not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim if (i) it is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained or (ii) the nonpayment of all such taxes, assessments, charges or claims in the aggregate would not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(c) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies of comparable size and financial strength engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates, which may include self-insurance, if determined by the Borrower to be reasonably prudent and consistent with business practices as in effect on the date hereof.

(d) Preservation of Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its (i) legal existence; provided, however, that the Borrower and its Subsidiaries may consummate any merger or consolidation permitted under Section 5.02(b) and (ii) rights (charter and statutory) and franchises; provided further that neither the Borrower nor any of its Subsidiaries shall be required to preserve any right or franchise if the Board of Directors (or persons performing similar functions) of or on behalf of the Borrower or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Subsidiary, as the case may be, and that the loss thereof is not reasonably likely to have a Material Adverse Effect.

(e) Visitation Rights. At any reasonable time and from time to time and upon reasonable notice, permit the Agent or any of its agents or representatives, to (i) permit the Agent or any representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of their officers or directors and (ii) use commercially reasonable efforts to provide for the Agent or any representatives thereof (in the presence of representatives of the Borrower) to meet with the independent certified public accountants of the Borrower and its Subsidiaries; provided, 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 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.

(f) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and each such Subsidiary in accordance with generally accepted accounting principles in effect from time to time.

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good

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working order and condition, ordinary wear and tear excepted, except to the extent that failure to do so would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(h) Transactions with Affiliates. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under this Agreement with any of their Affiliates on terms that are fair and reasonable and no less favorable to the Borrower or such Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate.

(i) Reporting Requirements. Furnish to the Lenders:

(i) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, the unaudited Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and unaudited Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by the chief financial officer (or person performing similar functions) of the General Partner as having been prepared in accordance with generally accepted accounting principles and certificates of the chief executive officer, chief financial officer or controller of the Borrower (or the General Partner) as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03, provided that in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(ii) as soon as available and in any event within 105 days after the end of each fiscal year of the Borrower, a copy of the annual audit report for such year for the Borrower and its Subsidiaries, containing the Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, in each case accompanied by an opinion, without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by KPMG LLP or other independent public accountants of nationally recognized standing and certificates of the chief financial officer (or person performing similar functions) of the Borrower (or the General Partner) as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03, provided that in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(iii) as soon as possible and in any event within five Business Days after the occurrence of each Default continuing on the date of such statement, a statement of the chief financial officer (or person performing similar functions) of the Borrower (or the General Partner) setting forth details of such Default and the action that the Borrower has taken and proposes to take with respect thereto;

(iv) promptly after the sending or filing thereof, copies of all reports that the Borrower sends to any of its securityholders, and copies of all reports and registration statements that the Borrower or any Subsidiary files with the SEC;

(v) promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the General Partner, the Borrower or any of its Subsidiaries of the type described in Section 4.01(g); and

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(vi) such other information respecting the Borrower or any of its Subsidiaries as any Lender through the Agent may from time to time reasonably request.

Notwithstanding the foregoing, the Borrower shall be deemed to have delivered the reports and registration statements required to be delivered pursuant to the foregoing clause (iv) upon the filing of such financial statements, reports and registration statements by the Borrower through the SEC's EDGAR system.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will not:

(a) Liens, Etc. Create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Lien on or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, other than:

(i) Permitted Liens,

(ii) purchase money Liens upon or in any real property or equipment acquired or held by the Borrower or any Subsidiary in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt incurred solely for the purpose of financing the acquisition of such property or equipment, or Liens existing on such property or equipment at the time of its acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property) or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount, provided, however, that no such Lien shall extend to or cover any properties of any character other than the real property or equipment being acquired, and no such extension, renewal or replacement shall extend to or cover any properties not theretofore subject to the Lien being extended, renewed or replaced, provided further that the aggregate principal amount of the indebtedness secured by the Liens referred to in this clause (ii) shall not exceed $10,000,000 at any time outstanding,

(iii) the Liens existing on the Effective Date and described on Schedule 5.02(a) hereto,

(iv) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Borrower or any Subsidiary of the Borrower or becomes a Subsidiary of the Borrower; provided that such Liens were not created in contemplation of such

merger, consolidation or acquisition and do not extend to any assets other than those of the Person so merged into or consolidated with the Borrower or such Subsidiary or acquired by the Borrower or such Subsidiary,

(v) attachment or judgment Liens not constituting an Event of Default,

(vi) banker's liens, rights of setoff and similar Liens with respect to cash and cash equivalents on deposit in one or more bank accounts in the ordinary course of business,

(vii) Liens in favor of collecting banks pursuant to Section 4-208 and Liens in favor of a buyer of goods arising pursuant to Section 2-711 of the applicable Uniform Commercial Code,

(viii) Liens solely on any cash earnest money deposits made by the Borrower or any of its Subsidiaries in connection with any letter of intent or purchase agreement,

(ix) other Liens securing Debt or Hedge Agreements in an aggregate principal amount not to exceed $5,000,000 at any time outstanding, and

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(i) the replacement, extension or renewal of any Lien permitted by clause (iii) or (iv) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Debt secured thereby.

(b) Mergers, Etc. Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, or permit any of its Subsidiaries to do so, except that any Subsidiary of the Borrower may merge or consolidate with or into, or dispose of assets to, any other Subsidiary of the Borrower, and except that any Subsidiary of the Borrower may merge into or dispose of assets to the Borrower and the Borrower may merge with any other Person so long as the Borrower is the surviving corporation, provided, in each case, that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

(c) Change in Nature of Business. Engage, or permit any of its Subsidiaries to engage, in any business other than those businesses in which the Borrower and its Subsidiaries are engaged on the Effective Date or a business reasonably related thereto or such other lines of business as may be consented to by the Required Lenders.

SECTION 5.03. Financial Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will:

(a) Coverage Ratio. Maintain as of the last day of any fiscal quarter a ratio of Adjusted Cash Flow to Interest Expense, in each case, by the Borrower and its Subsidiaries for the period of four fiscal quarters then ended, of not less than 3.50 to 1.00.

(b) Leverage Ratio. Maintain at all times a Leverage Ratio of not greater than 4.50 to 1.00.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable; or the Borrower shall fail to pay any interest on any Advance or make any other payment of fees or other amounts payable under this Agreement or any Note within five Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers (or persons performing similar functions)) in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(c) (i) The Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(d)(i), (e) or (i), 5.02 or 5.03, or (ii) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Agent or any Lender; or

(d) (i) The Borrower or any of its Significant Subsidiaries shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal or notional amount of at least $15,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or such Significant Subsidiary (as the case may be), when the same becomes due and payable (whether by

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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 relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt 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 to permit the acceleration of, the maturity of such Debt; or any such Debt 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 an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or (ii) (A) there occurs under any Hedge Agreement an Early Termination Date (as defined in such Hedge Agreement) resulting from any event of default under such Hedge Agreement as to which the Borrower or any of its Significant Subsidiaries is the Defaulting Party (as defined in such

Hedge Agreement) and the Hedge Termination Value owed by the Borrower or any of its Significant Subsidiaries as a result thereof is greater than (individually or collectively) $15,000,000, or (B) there occurs under any Hedge Agreement an Early Termination Date (as defined in such Hedge Agreement) resulting from any Termination Event (as so defined) under such Hedge Agreement as to which the Borrower or any of its Significant Subsidiaries is an Affected Party (as so defined) and the Swap Termination Value owed by the Borrower or any of its Significant Subsidiaries as a result thereof is greater than (individually or collectively) $15,000,000 and such amount is not paid when due under such Hedge Agreement; or

(e) The General Partner, the Borrower or any of its Significant Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the General Partner, the Borrower or any of its Significant Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property shall occur; or the General Partner, the Borrower or any of its Significant Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Judgments or orders for the payment of money in excess of $15,000,000 in the aggregate shall be rendered against the Borrower or any of its Significant Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any 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 6.01(f) 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

(g) Any non-monetary judgment or order shall be rendered against the Borrower or any of its Significant Subsidiaries that is reasonably expected to have a Material Adverse Effect, and there shall be any 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

(h) (i) Any Person or two or more Persons acting in concert (other than TransCanada Corporation or any of its Subsidiaries) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the General Partner (or other securities convertible into such Voting Stock) (A) representing 50% or

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more of the combined voting power of all Voting Stock of the General Partner or (B) representing the combined voting power of all Voting Stock of the General Partner more than that owned, directly or indirectly, by TransCanada Corporation; or (ii) any Person or two or more Persons acting in concert (other than TransCanada Corporation or any of its Subsidiaries or any other Person reasonably acceptable to the Required Lenders) shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of the General Partner; or (iii) the General Partner shall for any reason cease to be the managing general partner of the Borrower; or

(i) The Borrower or any of its ERISA Affiliates shall incur, or shall be reasonably likely to incur liability in excess of $15,000,000 in the aggregate as a result of one or more of the following: (i) the occurrence of any ERISA Event; (ii) the partial or complete withdrawal of the Borrower or any of its ERISA Affiliates from a Multiemployer Plan; or (iii) the reorganization or termination of a Multiemployer Plan;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

THE AGENT

SECTION 7.01. Authorization and Action. Each Lender hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Agent's Reliance, Etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (i) may treat the Lender that made any Advance as the holder of the Debt resulting therefrom until the Agent receives and accepts an Assignment and Acceptance entered into by such Lender, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) 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 omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or

representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance, observance or satisfaction of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or the existence at any time of any Default or to inspect the property (including the books and records) of the Borrower;

(v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. CNAI and Affiliates. With respect to its Commitment, the Advances made by it and the Note issued to it, CNAI shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include CNAI in its individual capacity. CNAI and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Borrower, any of its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if CNAI were not the Agent and without any duty to account therefor to the Lenders. The Agent shall have no duty to disclose any information obtained or received by it or any of its Affiliates relating to the Borrower or any of its Subsidiaries to the extent such information was obtained or received in any capacity other than as Agent.

SECTION 7.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. The Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower), from and against such Lender's pro rata share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement (collectively, the "Indemnified Costs"), provided that no Lender shall be liable for any portion of the Indemnified Costs resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Agent is not reimbursed for such expenses by the Borrower. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 7.05 applies whether any such investigation, litigation or proceeding is brought by the Agent, any Lender or a third party. For purposes of this Section 7.05(a), the Lenders' respective pro rata shares of any amount shall be determined, at any time, according to the aggregate principal amount of the Advances outstanding at such time and owing to the respective Lenders.

SECTION 7.06. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent, which successor Agent (unless an Event of Default shall have occurred and be continuing) shall be subject to the approval of the Borrower (which approval will not be unreasonably withheld or delayed). If no successor Agent shall have been so appointed by the Required Lenders, and if no successor Agent shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $500,000,000, which successor Agent (unless an Event of Default shall have occurred and be continuing) shall be subject to the approval of the Borrower (which approval will not be unreasonably withheld or delayed). Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and

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obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

SECTION 7.07. Other Agents. Each Lender hereby acknowledges that neither the documentation agent nor any other Lender designated as any "Agent" on the signature pages hereof has any liability hereunder other than in its capacity as a Lender.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Notes, 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 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, however, that (a) no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, do any of the following: (i) waive any of the conditions specified in Section 3.01, (ii) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Advances, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder or (iii) amend this Section 8.01 and (b) no amendment, waiver or consent shall, unless in writing and signed by the Required Lenders and each Lender that is directly affected by such amendment, waiver or consent, (i) reduce the principal of, or interest on, the Advances or any fees or other amounts payable hereunder to such Lender or (ii) postpone any date fixed for any payment of principal of, or interest on, the Advances or any fees or other amounts payable hereunder to such Lender; and provided further that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note.

SECTION 8.02. Notices, Etc. (a) All notices and other communications provided for hereunder shall be either (x) in writing (including telecopier or telegraphic communication) and mailed, telecopied, telegraphed or delivered or (y) as and to the extent set forth in Section 8.02(b) and in the proviso to this Section 8.02(a), if to the Borrower, at its address at 450 - 1 Street SW, Calgary, AB T2P 5H1, Attention: Secretary, Fax No. 403 920-2467; if to any Initial Lender, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at Two Penns Way, New Castle, Delaware 19720, Attention: Bank Loan Syndications Department; or, as to the Borrower or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agent, provided that materials required to be delivered pursuant to Section 5.01(i)(i), (ii) or (iv) shall be delivered to the Agent as specified in Section 8.02(b) or as otherwise specified to the Borrower by the Agent. All such notices and communications shall, when mailed, telecopied or e-mailed, be effective when deposited in the mails, telecopied or confirmed by e-mail, respectively, except that notices and communications to the Agent pursuant to Article II, III or VII shall not be effective until received by the Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

(b) So long as CNAI or any of its Affiliates is the Agent, materials required to be delivered pursuant to Section 5.01(i)(i), (ii) and (iv) shall be delivered to the Agent in an electronic medium in a format acceptable to the Agent and the Lenders by e-mail at oploanswebadmin@citigroup.com. The Borrower agrees that the Agent may make such materials, as well as any other written information, documents, instruments and other material relating to the Borrower, any of its Subsidiaries or any other materials or matters relating to this Agreement, the Notes or any of the transactions contemplated hereby (collectively, the "Communications") available to the Lenders by posting such notices on Intralinks or a substantially similar electronic system (the "Platform"). The Borrower acknowledges that (i) the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution, (ii) the Platform is provided "as is" and "as available" and (iii) neither the Agent nor any of its Affiliates warrants the accuracy, adequacy or completeness of the Communications or the Platform and each expressly disclaims liability for errors or omissions in the

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Communications or the Platform. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by the Agent or any of its Affiliates in connection with the Platform.

(c) Each Lender agrees that notice to it (as provided in the next sentence) (a "Notice") specifying that any Communications have been posted to the Platform shall constitute effective delivery of such information, documents or other materials to such Lender for purposes of this Agreement; provided that if requested by any Lender the Agent shall deliver a copy of the Communications to such Lender by email or telecopier. Each Lender agrees (i) to notify the Agent in writing of such Lender's e-mail address to which a Notice may be sent by electronic transmission (including by electronic communication) on or before the date such Lender becomes a party to this Agreement (and from time to time thereafter to ensure that the Agent has on record an effective e-mail address for such Lender) and (ii) that any Notice may be sent to such e-mail address.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs and Expenses. (a) The Borrower agrees to pay on demand all reasonable costs and expenses of the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, (A) all due diligence, syndication (including printing, distribution and bank meetings), transportation, computer, duplication, appraisal, consultant, and audit expenses and (B) the reasonable fees and expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Borrower further agrees to pay on demand all reasonable costs and expenses of the Agent and the Lenders, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of counsel for the Agent and each Lender in connection with the enforcement of rights under this Section 8.04(a).

(b) The Borrower agrees to indemnify and hold harmless the Agent and each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) (i) the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances or (ii) the actual or alleged presence of Hazardous Materials on any property of the Borrower or any of its Subsidiaries or any Environmental Action relating in any way to the Borrower or any of its Subsidiaries, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 8.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, its directors, equityholders or creditors or an Indemnified Party or any other Person, whether or not any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The Borrower also agrees not to assert any claim for special, indirect, consequential or punitive damages against the Agent, any Lender, any of their Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, arising out of or otherwise relating to the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.07(d) or (e), 2.09 or 2.11, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a Lender other than on

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the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 8.07 as a result of a demand by the Borrower pursuant to Section 8.07(a), the Borrower shall, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably

incur as a result of such payment or Conversion, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(d) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in Sections 2.10, 2.13 and 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective (other than Section 2.01, which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Borrower and the Agent and when the Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 8.07. Assignments and Participations. (a) Each Lender may and, if demanded by the Borrower (following a demand by such Lender pursuant to Section 2.10 or 2.13) upon at least five Business Days' notice to such Lender and the Agent, will assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $5,000,000 unless the Borrower and the Agent otherwise agree, (iii) each such assignment shall be to an Eligible Assignee, (iv) each such assignment made as a result of a demand by the Borrower pursuant to this Section 8.07(a) shall be arranged by the Borrower after consultation with the Agent and shall be either an assignment of all of the rights and obligations of the assigning Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the assigning Lender under this Agreement, (v) no Lender shall be obligated to make any such assignment as a result of a demand by the Borrower pursuant to this Section 8.07(a) unless and until such Lender shall have received one or more payments from either the Borrower or one or more Eligible Assignees in an aggregate amount at least equal to the aggregate outstanding principal amount of the Advances owing to such Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Lender under this Agreement, and (vi) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note subject to such assignment and a processing and recordation fee of $3,500 payable by the parties to each such assignment, provided, however, that in the case of each

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assignment made as a result of a demand by the Borrower, such recordation fee shall be payable by the Borrower except that no such recordation fee shall be payable in the case of an assignment made at the request of the Borrower to an Eligible Assignee that is an existing Lender. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than its rights under Sections 2.10, 2.13 and 8.04 to the extent any claim thereunder relates to an event arising prior to such assignment) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the General Partner or the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with any Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(d) The Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error,

and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Each Lender may sell participations to one or more banks or other entities (other than the Borrower or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and any Note or Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of this Agreement or any Note, or any consent to any departure by the Borrower

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therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation. Notwithstanding anything to the contrary herein, a participant shall not be entitled to receive any greater payment under Section 2.10 or 2.13 than the applicable Lender would have been entitled to receive with respect to the participation sold to such participant. Any participant that is Lender organized under the laws of a jurisdiction outside the United States shall not be entitled to the benefits of Section 2.13 unless such participant complies with Section 2.13(e).

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Borrower Information relating to the Borrower received by it from such Lender to the standards set forth in Section 8.08.

(g) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and any Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

SECTION 8.08. Confidentiality. Neither the Agent nor any Lender may disclose to any Person any confidential, proprietary or non-public information of the Borrower furnished to the Agent or the Lenders by the Borrower (such information being referred to collectively herein as the "Borrower Information"), except that each of the Agent and each of the Lenders may disclose Borrower Information (i) to its and its affiliates' employees, officers, directors, agents and advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Borrower Information and instructed to keep such Borrower Information confidential on substantially the same terms as provided herein), (ii) to the extent requested by any regulatory authority, (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) to any other party to this Agreement, (v) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section 8.08, to any assignee, participant or swap counterparty or prospective assignee, participant or swap counterparty, (vii) to the extent such Borrower Information (A) is or becomes generally available to the public on a non-confidential basis other than as a result of a breach of this Section 8.08 by the Agent or such Lender, or (B) is or becomes available to the Agent or such Lender on a nonconfidential basis from a source other than the Borrower and (viii) with the consent of the Borrower; provided that, in the case of clauses (ii) or (iii), with the exception of disclosure to bank regulatory authorities, the Agent 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 8.09. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.10. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.11. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, 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 any such New York State court or, to the extent permitted by law, in such federal court. The Borrower hereby agrees that service of process in any such

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action or proceeding brought in the any such New York State court or in such federal court may be made upon CT Corporation System at its offices at 1633 Broadway, New York, New York 10019 (the "Process Agent") and the Borrower hereby irrevocably appoints the Process Agent its authorized agent to accept such service of process, and agrees that the failure of the Process Agent to give any notice of any such service shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon. The Borrower hereby further irrevocably consents to the service of process in any action or proceeding in such courts by the mailing thereof by any parties hereto by registered or certified mail, postage prepaid, to the Borrower at its address specified pursuant to Section 8.02. 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 shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Notes in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 8.12. Patriot Act Notice. Each Lender and the Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of 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 Agent, as applicable, to identify the Borrower in accordance with the Patriot Act. The Borrower shall provide, to the extent commercially reasonable, such information and take such actions as are reasonably requested by the Agent or any Lenders in order to assist the Agent and the Lenders in maintaining compliance with the Patriot Act.

SECTION 8.13. Judgment. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in U.S. dollars into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase U.S. dollars with such other currency at Citibank's principal office in London at 11:00 A.M. (London time) on the Business Day preceding that on which final judgment is given.

(b) The obligation of the Borrower in respect of any sum due from it in any currency (the "Primary Currency") to any Lender or the Agent hereunder shall, notwithstanding any judgment in any other currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Agent (as the case may be), of any sum adjudged to be so due in such other currency, such Lender or the Agent (as the case may be) may in accordance with normal banking procedures purchase the applicable Primary Currency with such other currency; if the amount of the applicable Primary Currency so purchased is less than such sum due to such Lender or the Agent (as the case may be) in the applicable Primary Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Agent (as the case may be) against such loss, and if the amount of the applicable Primary Currency so purchased exceeds such sum due to any Lender or the Agent (as the case may be) in the applicable Primary Currency, such Lender or the Agent (as the case may be) agrees to remit to the Borrower such excess.

SECTION 8.14. Non-Recourse to the General Partner and Associated Persons. The Agent and each Lender agrees on behalf of itself and its successors, assigns and legal representatives, that neither the General Partner nor any Person which is a partner, shareholder, member, owner, officer, director, supervisor, trustee or other principal (collectively, "Associated Persons") of the Borrower, the General Partner, or any of their respective successors or assigns, shall have any personal liability for the payment or performance of any of the Borrower's obligations hereunder or under any of the Notes and no monetary or other judgment shall be sought or enforced against the General Partner or any of such Associated Persons or any of their respective successors or assigns. Notwithstanding the foregoing, neither the Agent nor any Lender shall be deemed barred by this Section 8.14 from asserting any claim against any Person based upon an allegation of fraud or misrepresentation.

SECTION 8.15. Waiver of Jury Trial. Each of the Borrower, the Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Notes or the actions of the Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

TC PIPELINES, LP
By its General Partner TC PipeLines GP, Inc.

By ____________________________
Title:

CITICORP NORTH AMERICA, INC.,
as Agent

By ____________________________
Title:

Syndication Agent

UBS LOAN FINANCE LLC

By ____________________________
Title:

By ____________________________
Title:

Co-Documentation Agents

MIZUHO CORPORATE BANK, LTD.

By ____________________________
Title:

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
HOUSTON AGENCY

By ____________________________
Title:

Lender

SUNTRUST BANK

By ____________________________
Title:

SCHEDULE I
TC PIPELINES, LP
CREDIT AGREEMENT
APPLICABLE LENDING OFFICES

Name of Initial Lender	Commitment		Domestic Lending Office	Eurodollar Lending Office
Citicorp North America, Inc.	$	95,000,000		
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Houston Agency	$	40,000,000		
Mizuho Corporate Bank, Ltd.	$	40,000,000		
Suntrust Bank	$	40,000,000		
UBS Loan Finance LLC	$	95,000,000		
Total:	$	310,000,000		

Schedule 3.01(b)

Disclosed Litigation

On February 15, 2006, Northern Border Partners, L.P. (“Northern Border”)and ONEOK, Inc. issued a joint press release announcing certain transactions relating to (1) the sale of certain assets by ONEOK to Northern Border, (2) the increase of ONEOK’s general partnership interest in Northern Border to 100% and (3) the sale by Northern Border of 20% of its interest in Northern Border Pipeline Company to TC PipeLines Intermediate Limited Partnership (collectively, the “Transactions”).

On March 2, 2006, a holder of limited partnership units of Northern Border filed a class action and derivative complaint, Civil Action No. 1973-N, in the New Castle County Chancery Court in the State of Delaware, on behalf of a putative class of all holders of limited partnership units against Northern Border, ONEOK, Northern Plains Natural Gas Company, LLC, and related entities involved in the Transactions. The plaintiff claims the Transactions will constitute a breach of Northern Border’s partnership agreement and a breach of defendants’ fiduciary duties. The plaintiff seeks to enjoin the Transactions or to rescind the Transactions if the Transactions are completed prior to entry of a final judgment in the case. The plaintiff also seeks to recover on behalf of the class damages for the profits and any special benefits obtained by the defendants, as well as interest, costs, and attorney and expert fees.

Schedule 5.02(a)

Existing Liens

None

EXHIBIT A - FORM OF
PROMISSORY NOTE

$ Dated: , 200

FOR VALUE RECEIVED, the undersigned, TC PIPELINES, LP, a Delaware limited partnership (the “Borrower”) by its General Partner TC PipeLines GP, Inc., a Delaware corporation, HEREBY PROMISES TO PAY to or its registered assigns (the “Lender”) for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below) the aggregate principal amount of the Advances (as defined below) owing to the Lender by the Borrower pursuant to the Credit Agreement dated as of March 31, 2006 among the Borrower, the Lender and certain other lenders parties thereto, and Citicorp North America, Inc., as Agent for the Lender and such other lenders (as amended or modified from time to time, the “Credit Agreement”); the terms defined therein being used herein as therein defined) on the date specified in the Credit Agreement.

The Borrower promises to pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to CNAI, as Agent, at 388 Greenwich Street, New York, New York 10013, in same day funds. Each Advance owing to the Lender by the Borrower and the maturity thereof, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto, which is part of this Promissory Note.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of advances (the “Advances”) by the Lender to the Borrower in an amount not to exceed the U.S. dollar amount first above

mentioned, the indebtedness of the Borrower resulting from such Advances being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified. Any transfer of all or a portion of this Promissory Note shall be made only in accordance with the terms and conditions of Section 8.07 of the Credit Agreement and the Assignment and Acceptance attached to the Credit Agreement.

TC PIPELINES, LP
By its General Partner TC PipeLines GP, Inc.

By ______________________________
Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	**Amount of Advance**	**Amount of Principal Paid or Prepaid**	**Unpaid Principal Balance**	**Notation Made By**

EXHIBIT B - FORM OF NOTICE OF BORROWING

Citicorp North America, Inc., as Agent
for the Lenders parties
to the Credit Agreement
referred to below
Two Penns Way
New Castle, Delaware 19720

[Date]

Attention: Bank Loan Syndications Department

Ladies and Gentlemen:

The undersigned, TC Pipelines, LP, by its General Partner TC PipeLines GP, Inc., refers to the Credit Agreement, dated as of March 31, 2006 (as amended or modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders parties thereto and Citicorp North America, Inc., as Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is , 200 .

(ii) The Type of Advances comprising the Proposed Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Borrowing is $.

[(iv) The initial Interest Period for each Eurodollar Rate Advance made as part of the Proposed Borrowing is month[s].]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement are correct, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

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(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes a Default.

Very truly yours,

TC PIPELINES, LP
By its General Partner TC PipeLines GP, Inc.

By ______________________________

Title:.

EXHIBIT C - FORM OF
ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement dated as of March 31, 2006 (as amended or modified from time to time, the "Credit Agreement") among TC Pipelines, LP, a Delaware limited partnership (the "Borrower") by its General Partner TC PipeLines GP, Inc., the Lenders (as defined in the Credit Agreement) and Citicorp North America, Inc., as agent for the Lenders (the "Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

The "Assignor" and the "Assignee" referred to on Schedule I hereto agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement as of the date hereof equal to the percentage interest specified on Schedule 1 hereto of all outstanding rights and obligations under the Credit Agreement. After giving effect to such sale and assignment, the Assignee's Commitments and the amount of the Advances owing to the Assignee will be as set forth on Schedule 1 hereto.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto; and (iv) attaches the Note, if any held by the Assignor and requests that the Agent exchange such Note for a new Note payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto or new Notes payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto and the Assignor in an amount equal to the Commitment retained by the Assignor under the Credit Agreement, respectively, as specified on Schedule 1 hereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender; and (vi) attaches any U.S. Internal Revenue Service forms required under Section 2.13 of the Credit Agreement.

4. Following the execution of this Assignment and Acceptance, it will be delivered to the Agent for acceptance and recording by the Agent. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by the Agent, unless otherwise specified on Schedule 1 hereto.

5. Upon such acceptance and recording by the Agent in the Register and, if applicable issuance of a new Note to the Assignee pursuant to Section 2 hereof, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights

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and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by the Agent, from and after the Effective Date, the Agent shall make all payments under the Credit Agreement and the Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused Schedule 1 to this Assignment and Acceptance to be executed by their officers thereunto duly authorized as of the date specified thereon.

Schedule 1
to
Assignment and Acceptance

Percentage interest assigned:	%
Assignee's Commitment:	$
Aggregate outstanding principal amount of Advances assigned:	$
Principal amount of Note payable to Assignee:	$
Principal amount of Note payable to Assignor:	$
Effective Date*: , 200	

[NAME OF ASSIGNOR], as Assignor

By ______________________________
Title:

Dated: , 200

[NAME OF ASSIGNEE], as Assignee

By ______________________________
Title:

Dated: , 200

Domestic Lending Office:
[Address]

Eurodollar Lending Office:
[Address]

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* This date should be no earlier than five Business Days after the delivery of this Assignment and Acceptance to the Agent.

Accepted [and Approved]** this
day of , 200

CITICORP NORTH AMERICA, INC., as Agent

By _______________________________________
Title:

[Approved this day
of , 200

TC PIPELINES, LP
By its General Partner TC PipeLines GP, Inc.

By _______________________________________]*
Title:

** Required if the Assignee is an Eligible Assignee solely by reason of clause (iii) of the definition of "Eligible Assignee".
* Required if the Assignee is an Eligible Assignee solely by reason of clause (iii) of the definition of "Eligible Assignee".

EXHIBIT D - FORM OF
OPINION OF COUNSEL
FOR THE BORROWER

[Effective Date]

To each of the Lenders parties
to the Credit Agreement dated
as of March 31, 2006
among TC Pipelines, LP,
said Lenders and Citicorp North America, Inc.,

as Agent for said Lenders, and
to Citicorp North America, Inc., as Agent

TC Pipelines, LP

Ladies and Gentlemen:

Representation

This opinion is furnished to you pursuant to Section 3.01(h)(iv) of the Credit Agreement, dated as of April , 2006 (the "Credit Agreement"), among TC Pipelines, LP (the "Borrower") by its General Partner TC PipeLines GP, Inc. (the "GP"), the Lenders parties thereto and Citicorp North America, Inc., as Agent for said Lenders. Terms defined in the Credit Agreement are used herein as therein defined.

We have acted as special counsel for the Borrower in connection with the preparation, execution and delivery of the Credit Agreement.

Documents Reviewed

In that connection, we have examined:

(1) The Credit Agreement.

(2) The documents furnished by the Borrower pursuant to Article III of the Credit Agreement.

(3) The Certificate of Limited Partnership and Amended and Restated Limited Partnership Agreement of the Borrower and all amendments thereto (the "Charter").

(4) A certificate of the Secretary of State of Delaware, dated April , 2006, attesting to the continued partnership existence and good standing of the Borrower in that State (the "Good Standing Certificate").

We have also examined the originals, or copies certified to our satisfaction, of the documents listed in a certificate of the President of the GP on behalf of the Borrower, dated the date hereof (the "Certificate"), certifying, among other things, that the documents listed in such certificate are all of the indentures, loan or credit agreements, leases, guarantees, mortgages, security agreements, bonds, notes and other agreements or instruments, and all of the orders, writs, judgments, awards, injunctions and decrees, that affect or purport to affect the Borrower's right to borrow

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money or the Borrower's obligations under the Credit Agreement or the Notes. In addition, we have examined the originals, or copies certified to our satisfaction, of such other partnership records of the Borrower, certificates of public officials and of officers of the Borrower, and agreements, instruments and other documents, as we have deemed necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, we have relied upon certificates of the Borrower or its officers or of public officials.

Opinion

Based on the foregoing, having regard for the legal considerations that we deem relevant, and subject to the qualifications, assumptions and exceptions stated herein, we are of the following opinion:

1. The Borrower is a limited partnership duly formed, validly existing and in good standing under the laws of the State of Delaware. The Borrower has taken all necessary partnership action to authorize the execution, delivery and performance by the Borrower of the Credit Agreement and the Notes (collectively, the "Credit Documents").

2. The execution, delivery and performance by the Borrower of the Credit Documents, and the consummation of the transactions contemplated thereby, are within the Borrower's partnership powers, have been duly authorized by all necessary partnership action, and do not violate (i) the Charter or (ii) assuming that the proceeds of extensions of credit will be used in accordance with the terms of the Credit Agreement, any United States federal or State of New York law, rule or regulation applicable to the Borrower (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System) or (iii) any contractual or legal restriction contained in any document listed in the Certificate.

3. No authorization, approval or other action by, and no notice to or filing with, any United States federal or State of New York governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of the Credit Documents.

4. The Credit Agreement is, and after giving effect to the initial Borrowing, the Notes will be, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms.

Negative Assurance

In addition, we advise you supplementally as a matter of fact and not opinion that based solely upon certifications contained in the Certificate, except to the extent set forth in the Certificate, to our knowledge, there are no pending or overtly threatened actions or proceedings against the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that purport to affect the legality, validity, binding effect or enforceability of the Credit Agreement or any of the Notes or the consummation of the transactions contemplated thereby or that are likely to have a materially adverse effect upon the financial condition or operations of the Borrower or any of its Subsidiaries.

Assumptions, Qualifications and Exceptions

In rendering these opinions, we have, with your permission, assumed the following: (i) the authenticity of original documents and the genuineness of all signatures, and the conformity to the originals of all documents submitted to us as copies; (ii) the truth, accuracy and completeness of the information, representations and warranties contained in the records, documents, instruments and certificates we have reviewed; (iii) your due organization,

valid existence and good standing; (iv) your due authorization, execution and delivery of the Credit Agreement; (v) the valid and binding effect of the Credit Agreement on, and the enforceability of the Credit Agreement against, you; (vi) the absence of any evidence extrinsic to the provisions of the written agreements among the parties that the parties intended a meaning contrary to that expressed by those provisions; and (vii) there has not been any mutual mistake of fact, fraud, duress or undue influence.

Our opinion in paragraph 1 that the Borrower is in good standing is based solely upon our review of the Good Standing Certificate. In rendering our opinions with respect to contractual obligations, we have assumed that the governing law of each contractual obligation is New York; and we have not reviewed the covenants in the contractual obligations that contain financial ratios or other similar financial restrictions, and no opinion is provided with respect thereto.

Certain Limitations and Qualifications

Whenever a statement herein is qualified by the phrases "known to us" or "to our knowledge," it is intended to indicate that, during the course of our representation on behalf of the Borrower in this transaction, no information that would give us current actual knowledge of the inaccuracy of such statement has come to the attention of the attorneys presently in the firm who have rendered legal service in connection with our representation of the Borrower in this transaction. However, we have not undertaken any independent investigation or review to determine the accuracy of any such statement, and any limited inquiry undertaken by us during the preparation of this opinion letter should not be regarded as such an investigation or review; no inference as to our knowledge of any matters bearing on the accuracy of any such statement should be drawn from the fact of our representation on behalf of the Borrower in this transaction.

Our opinions are limited to the laws of the State of New York, the Delaware Revised Uniform Partnership Act and the federal laws of the United States. We express no opinion as to whether the laws of any particular jurisdiction apply, and no opinion to the extent that the laws of any jurisdiction other than those identified above are applicable to the Credit Agreement or the Notes or the transactions contemplated thereby. As you know, we are not licensed to practice law in the State of Delaware, and our opinions herein with respect to the partnership law of Delaware are based solely on our review of the Delaware Revised Uniform Partnership Act as found in a standard compilation of the official statutes of the State of Delaware.

Our opinion that any document is valid, binding or enforceable in accordance with its terms is qualified as to:

(a) limitations imposed by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws relating to or affecting the rights of creditors generally;

(b) the unenforceability under certain circumstances of provisions imposing penalties, forfeiture, late payment charges, or an increase in interest rate upon delinquency in payment or the occurrence of any event of default; and

(c) general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief, regardless of whether such enforceability is considered in a proceeding in equity or at law.

Use of Opinion

This opinion letter is rendered to you solely for your benefit and the benefit of your permitted successors and assigns pursuant to the Credit Agreement in connection with the transaction covered in the first paragraph of this opinion letter and may not be relied upon or used by, circulated, quoted or referred to, nor may copies hereof be delivered to, any other person without our prior written approval, except that copies of this opinion letter may be furnished to your independent auditors and legal counsel in connection with their providing advice to you regarding such transaction and to your appropriate regulatory authorities or pursuant to an order or legal process of any relevant governmental authority and to your permitted successors and assigns and prospective successors and assigns. We disclaim any obligation to update this opinion letter for events occurring or coming to our attention after the date hereof.

Very truly yours,
ORRICK, HERRINGTON & SUTCLIFFE LLP

**AMENDMENT NO. 1 TO THE
CREDIT AGREEMENT**

Dated as of March 31, 2006

AMENDMENT NO. 1 TO THE CREDIT AGREEMENT among TC PipeLines, L.P., a Delaware limited partnership (the "Borrower"), the banks, financial institutions and other institutional lenders parties to the Credit Agreement referred to below (collectively, the "Lenders") and Citicorp North America, Inc., as agent (the "Agent") for the Lenders.

PRELIMINARY STATEMENTS:

(1) The Borrower, the Lenders and the Agent have entered into a Credit Agreement dated as of March 31, 2006 (the "Credit Agreement"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

(2) The Borrower and the Required Lenders have agreed to amend the Credit Agreement as hereinafter set forth.

SECTION 1. Amendments to Credit Agreement. The Credit Agreement is, effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 3, hereby amended as follows:

The definition of "Adjusted Cash Flow" in Section 1.01 is amended by adding at the end thereof the following sentence "For purposes of calculating Adjusted Cash Flow for any period, if during such period the Borrower or any Subsidiary shall have made an acquisition, Adjusted Cash Flow for such period shall be calculated after giving pro forma effect thereto as if such acquisition had occurred on the first day of such period, including, without duplication, all cash dividends and other distributions of cash the Borrower or such Subsidiary would have received if such acquisition had occurred on the first day of such period.

SECTION 2. Acknowledgement of Corrections. By execution below, the parties hereto acknowledge that the Effective Date of the Credit Agreement was March 31, 2006 and, contrary to the terms of the Credit Agreement, the Borrowing was made on a date subsequent to the Effective Date. Accordingly, the following provisions are acknowledged to be corrected as follows:

(a) Section 2.01 is corrected by deleting the phrase "on the Effective Date" and substituting therefor the phrase "on any Business Day during the period from the Effective Date to April 5, 2006".

(b) Section 2.03(a) is corrected to read in full as follows:

(a) Commitment Fee. The Borrower agrees to pay to the Agent for the account of each Lender a commitment fee on the aggregate amount of such Lender's unused Commitment from the Effective Date until the date of the Borrowing at a rate per annum equal to the Applicable Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December, commencing June 30, 2006, and on the date of the Borrowing.

SECTION 3. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written when, and only when, the Agent shall have received counterparts of this Amendment executed by the Borrower and all of the Lenders or, as to any of the Lenders, advice satisfactory to the Agent that such Lender has executed this Amendment. This Amendment is subject to the provisions of Section 8.01 of the Credit Agreement.

SECTION 4. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the jurisdiction indicated in the recital of parties to this Amendment.

(b) The execution, delivery and performance by the Borrower of this Amendment and the Credit Agreement, as amended hereby, are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action and do not contravene (i) the Borrower's or the General Partner's organizational documents, (ii) any material law or any material contractual restriction binding on or affecting the Borrower.

(c) No material authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery or performance by the Borrower of this Amendment or the Credit Agreement, as amended hereby.

(d) This Amendment has been duly executed and delivered by the Borrower. This Amendment and the Credit Agreement, as amended hereby, are legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law)..

(e) There is no pending or, to the knowledge of the Borrower, threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, against the General Partner, the Borrower or any of its Subsidiaries (other than the Disclosed Litigation) before any court, governmental agency or arbitrator that purports to affect the legality, validity or enforceability of this Amendment and the Credit Agreement, as amended hereby, or any Note or the consummation of the transactions contemplated hereby this Amendment and the Credit Agreement, as amended hereby.

SECTION 5. Reference to and Effect on the Credit Agreement and the Notes. (a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement and the Notes, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Agent under the Credit Agreement, nor constitute a waiver of any provision of the Credit Agreement.

SECTION 6. Costs and Expenses. The Borrower agrees to pay on demand all costs and expenses of the Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Agent) in accordance with the terms of Section 8.04 of the Credit Agreement.

SECTION 7. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed

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counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 8. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

TC PIPELINES, LP
By its General Partner TC PipeLines GP, Inc.

By ____________________________
Title:

By ____________________________
Title:

CITICORP NORTH AMERICA, INC.,
as Agent and as Lender

By ____________________________
Title:

Lenders

UBS LOAN FINANCE LLC

By ____________________________
Title:

By ____________________________
Title:

MIZUHO CORPORATE BANK, LTD.

By ____________________________
Title:

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
HOUSTON AGENCY

By ____________________________
Title:

SUNTRUST BANK

By ____________________________
Title:

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TC PipeLines, LP
(a Delaware Limited Partnership)

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

Date: May 4, 2006

By: /s/ Russell K. Girling
Russell K. Girling
Chief Financial Officer (duly authorized officer)

Date: May 4, 2006

By: /s/ Amy Leong
Amy Leong
Controller (duly authorized officer)

CERTIFICATION

I, Ronald J. Turner, 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 evaluations; 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 4, 2006

/s/ Ronald J. Turner

Ronald J. Turner
President and Chief Executive Officer
TC PipeLines GP, Inc., as general partner of
TC PipeLines, LP

Exhibit 31.2

CERTIFICATION

I, Russell K. Girling, 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 evaluations; 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 4, 2006

/s/ Russell K. Girling

Russell K. Girling
Chief Financial Officer
TC PipeLines GP, Inc., as general partner of
TC PipeLines, LP

Exhibit 32.1

CERTIFICATION

I, Ronald J. Turner, President and Chief Executive Officer 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, 2006 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 4, 2006

/s/ Ronald J. Turner

Ronald J. Turner
President and Chief Executive Officer
TC PipeLines GP, Inc., as general partner of
TC PipeLines, LP

Exhibit 32.2

CERTIFICATION

I, Russell K. Girling, Chief Financial Officer 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, 2006 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 4, 2006

/s/ Russell K. Girling
Russell K. Girling
Chief Financial Officer
TC PipeLines GP, Inc., as general partner of
TC PipeLines, LP