

**Acquisition of North Baja Pipeline
Amendment of Incentive Distribution Rights
May 20, 2009**

Agenda

- 1. Review of Today's Announced Transaction**
- 2. Question and Answer Period**

Forward Looking Information

This presentation may include forward-looking statements regarding future events and the future financial performance of TC PipeLines, LP. Words such as "believes," "expects," "intends," "forecasts," "projects," and similar expressions identify forward-looking statements. All forward-looking statements are based on the Partnership's current beliefs as well as assumptions made by and information currently available to the Partnership. These statements reflect the Partnership's current views with respect to future events. The Partnership assumes no obligation to update any such forward-looking statement to reflect events or circumstances occurring after the date hereof. Important factors that could cause actual results to materially differ from the Partnership's current expectations include our ability to identify, negotiate and finance potential business opportunities, market conditions, and other risks inherent in an investment in us as discussed in the Partnership's filings with the Securities and Exchange Commission, including the Partnership's Annual Report on Form 10-K for the year ended December 31, 2008 and the Partnership's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.

Summary of Today's Announcement

- **Acquired North Baja Pipeline from TransCanada**
 - High quality asset underpinned by long-term contracts
 - Strategic pipeline enhances geographic diversity
- **Amended Incentive Distribution Rights (IDRs) of GP**
 - Resets distribution level to 98% LP / 2% GP
 - Eliminates 50% level
- **Combined Transaction**
 - Close by end of 2Q 2009
 - Valued at \$395 million
 - Immediately accretive to cash available for distribution
 - Amendment of IDRs conditioned on acquisition of North Baja
- **Demonstrates Strong Sponsor Support and Ability to Grow**

North Baja Pipeline



- Acquisition price \$270 million, LTM EBITDA \$28.2 million
- 80 miles, FERC 30/36-inch pipe
- Part of a 220 mile system
- Strategically positioned between gas supply and end-user markets
- Bi-directional flow allows for supply/end-user flexibility
- Capacity 600 MMcf/d
- Long-term contracts to 2026
- Future expansions
 - Power generation
 - Costa Azul LNG

Impact of Transaction

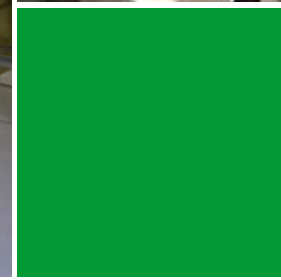
- **Stronger Competitive Position**
 - Diversifies cash flows
 - Stable, long-term, fee-based contracts
 - Expansion opportunities
- **Amended IDRs Maintains GP Incentive to Grow Future Distributions**
- **Lowers TCLP's Cost of Capital**
- **Demonstrates strong sponsor support and ability to grow**

TC PipeLines, LP Investment Highlights

- **Investments in Low-Risk Energy Infrastructure Assets**
 - Natural gas pipelines
- **History of Providing Stable and Growing Cash Distributions**
 - Acquisition based growth and expansions
 - Among highest cash distribution coverage ratios in peer group
 - Among lowest ratios of GP cash take as a percentage of total cash distributions
- **Growth Opportunities**
 - Organic / Acquisitions from TransCanada / 3rd party acquisitions
- **Strong Stewardship from TransCanada**
 - Operations management of TC PipeLines, LP assets
 - Bison / Northeastern B.C. unconventional gas offers diversification of gas supply
 - Sale of North Baja / Amendment of IDRs

TC PipeLines, LP (Nasdaq: TCLP)

Question and Answer Period



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