

## Third Quarter 2011 Conference Call

October 27, 2011



## 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, 2010 and the Partnership’s Quarterly Report on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2011.



# Recent Developments

Steve Becker, President



# TC PipeLines, LP's Natural Gas Pipeline Investment Portfolio



## Mid-West Pipelines

- Northern Border (50% interest)
- Great Lakes (46.45% interest)
- Bison (25% interest)\*

## West Coast Pipelines

- GTN (25% interest)\*
- North Baja (100% Interest)
- Tuscarora (100% Interest)

\* GTN and Bison interests  
acquired on May 3, 2011



## Q3 2011 Financial Highlights



**Partnership cash flows of \$43.1 million**

**Cash distributions paid of \$42.0 million**

**Net income of \$40.7 million or \$0.75 per unit**

**Declared cash distribution of \$0.77 per unit**

- Increase of 3% vs. Q3 2010
- 50<sup>th</sup> consecutive quarterly distribution

**GTN and Bison to begin distributing cash in Q4 2011**

# Third Quarter 2011 Activities & Business Developments



## Northern Border

- Q3 2011 averaged scheduled volumes of 2,515 mmcf/d
- Substantially fully contracted through October 2012

## Great Lakes

- Q3 2011 averaged scheduled volumes of 2,241 mmcf/d
- Approximately 670 mmcf of unsold long haul capacity
- Annual re-contracting impacted from the uncertainty surrounding TransCanada's Mainline 2012/13 toll application
- Western Canadian supply fundamentals remain strong

# Third Quarter 2011 Activities & Business Developments



## **GTN Rate Settlement (subject to FERC approval)**

- Rates based on contracted capacity
- New rates effective January 1, 2012 through end of 2015
- Average long term contracts for 1,571 mmcf/d through 2015; 1,035 mmcf/d from 2016-2023
- Mitigate loss of firm contracts and reflects the decline in rate base since the last settlement

## **Bison operating at full capacity as of October 8<sup>th</sup>**

- Operated at 60% of contracted capacity for most of the quarter

## **Tuscarora Rate Proceeding**

- Expect decision on rates no later than April 2012



# Third Quarter 2011 Results

Sandra Ryan-Robinson, Principal Financial Officer



# Third Quarter 2011 Financial Results

(unaudited, millions of dollars except per common unit amounts)



	Three months ended Sept 30		Nine months ended Sept 30	
	2011	2010	2011	2010
Partnership cash flows <sup>(a)</sup>	43.1	45.4	139.1	128.4
Cash distribution paid	(42.0)	(34.4)	(112.8)	(103.3)
<b>Cash distributions declared per common unit <sup>(b)</sup></b>	<b>\$ 0.77</b>	<b>\$ 0.75</b>	<b>\$ 2.29</b>	<b>\$ 2.21</b>
Net income <sup>(c)</sup>	40.7	38.6	119.1	100.0
<b>Net income per common unit <sup>(d)</sup></b>	<b>\$ 0.75</b>	<b>\$ 0.82</b>	<b>\$ 2.33</b>	<b>\$ 2.12</b>
Weighted average common units outstanding (millions)	53.5	46.2	50.2	46.2
Common units outstanding, end of period (millions)	53.5	46.2	53.5	46.2

(a) Partnership cash flows is a non-GAAP financial measure. Refer to the section entitled "Partnership Cash Flows" for further detail.

(b) The Partnership's 2011 third quarter cash distribution will be paid on November 14, 2011 to unitholders of record as of the close of business on October 31, 2011.

(c) Includes equity earnings from GTN and Bison from May 3, 2011, date of acquisition, to September 30, 2011.

(d) Net income per common 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 computed based upon the General Partner's effective two percent interest plus an amount equal to incentive distributions.

# Third Quarter 2011 Financial Results

(unaudited, millions of dollars except per common unit amounts)



	Three months ended Sept 30		Nine months ended Sept 30	
	2011	2010	2011	2010
<b><u>Equity earnings:</u></b>				
<b>Great Lakes</b>	14.3	14.6	49.3	44.0
<b>Northern Border</b>	19.6	21.0	56.4	47.8
<b>GTN<sup>(a)</sup></b>	4.7		7.1	
<b>Bison<sup>(a)</sup></b>	1.8		3.7	
<b>Net income from Other Pipes<sup>(b)</sup></b>	10.2	9.3	30.7	27.6
<b>Partnership expenses</b>	(9.9)	(6.3)	(28.1)	(19.4)
<b>Net income</b>	<b>40.7</b>	<b>38.6</b>	<b>119.1</b>	<b>100.0</b>

*(a) Represents equity earnings from May 3, 2011, the date of acquisition, to September 30, 2011.*

*(b) "Other Pipes" includes the results of North Baja and Tuscarora.*

# Liquidity and Capital Resources



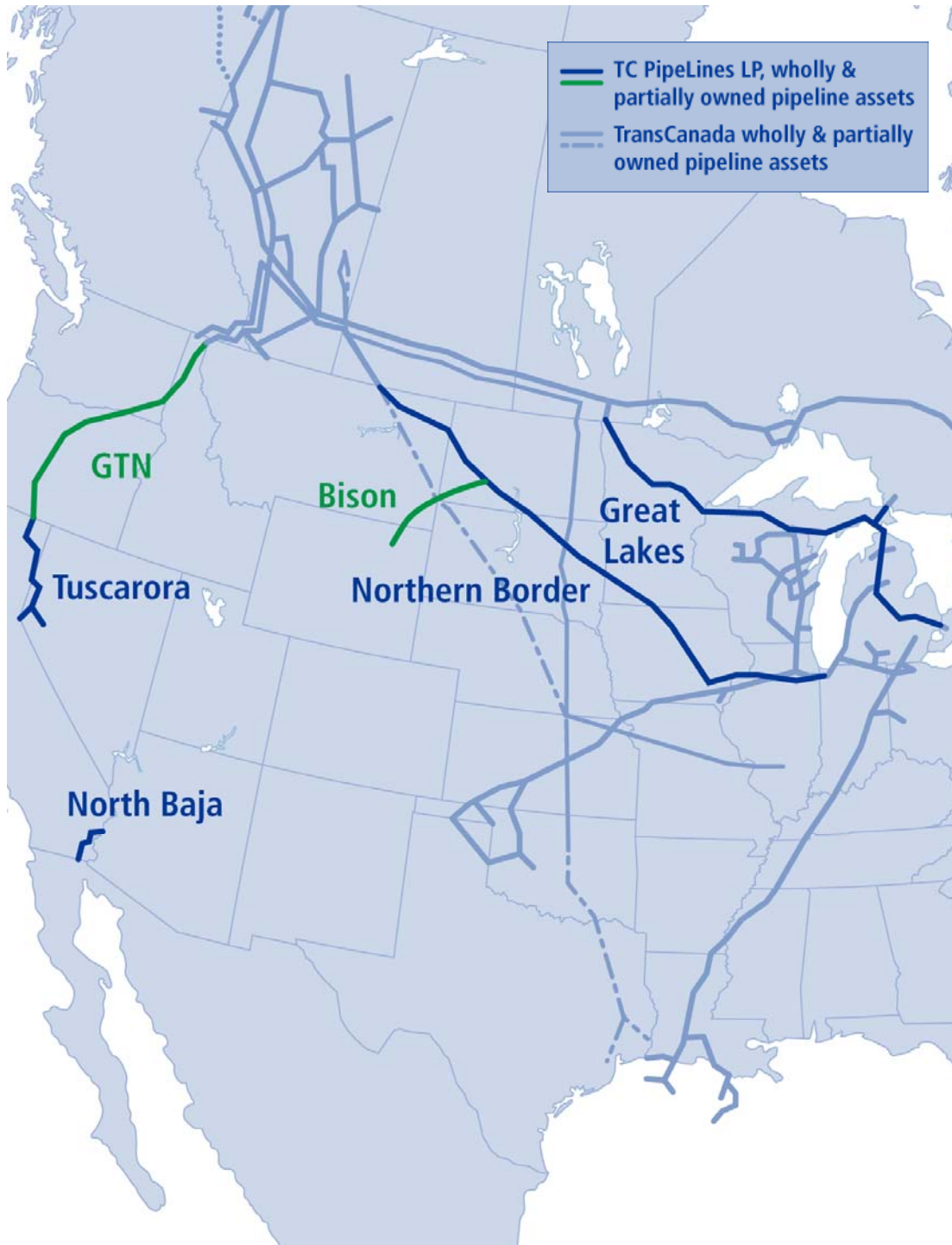
## Senior Credit Facility

- \$500 million revolver
  - \$67 million drawn as of September 30, 2011
  - Right to request an increase in the facility by \$250 million
- \$300 million senior loan matures December 2011

## Flexible options available for refinancing

## Strong financial position

- Conservative capitalization structure at 36/64 (debt/equity)
- Investment grade credit rating



## Key Messages

Six high quality, essential infrastructure assets generating solid earnings and cash flows

Supported by a strong industry sponsor in TransCanada Corp (NYSE: TRP)

**Strong financial flexibility & liquidity**

- Investment grade credit

**Well positioned for growth:**

- Possible dropdowns
- Lateral extensions and expansions



# Question & Answer Period

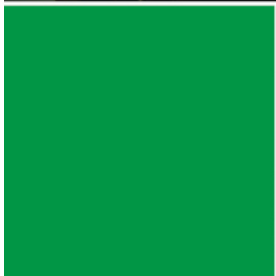
Steve Becker, President

Sandra Ryan-Robinson, Principal Financial Officer

Stuart Kampel, VP and General Manager

Lee Evans, Manager Investor Relations





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