

Fourth Quarter 2016 Conference Call

February 27, 2017



**TC PipeLines, LP
Fourth Quarter 2016 Conference Call**



Brandon Anderson, President

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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, 2016.

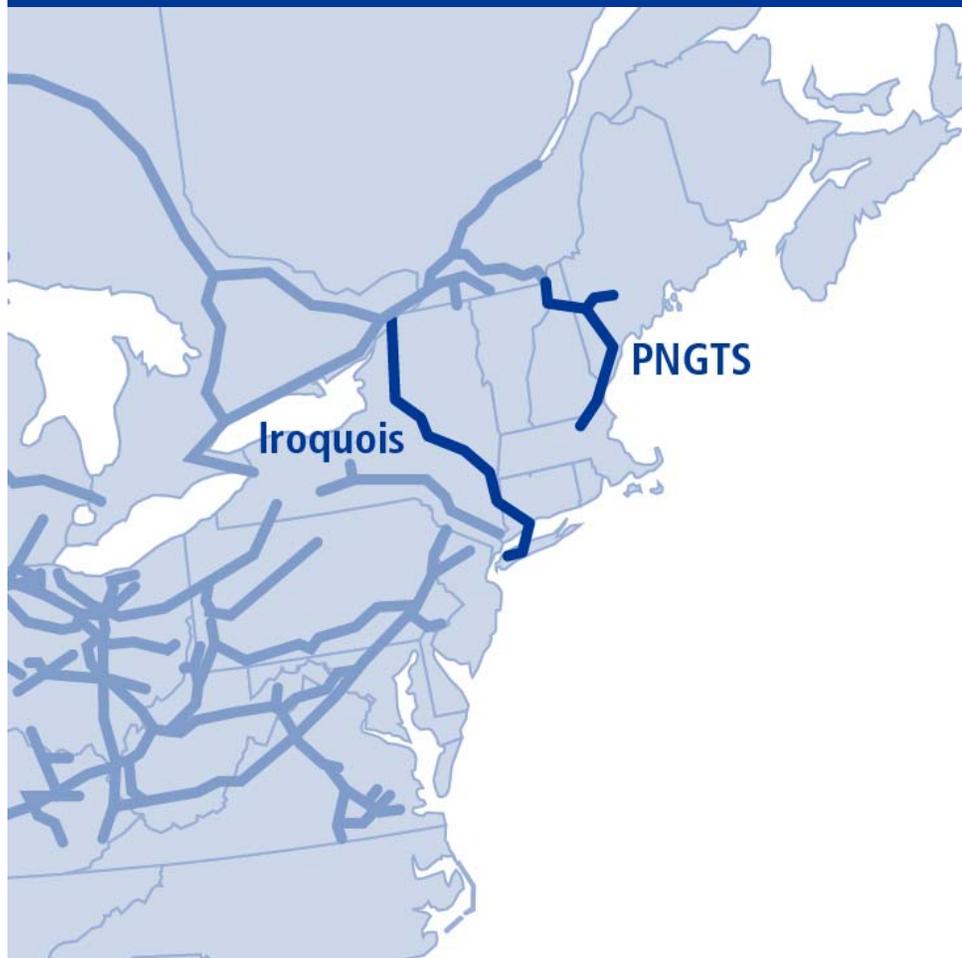
We use the non-GAAP financial measures “Adjusted earnings”, “Adjusted earnings per common unit”, “EBITDA” and “Distributable cash flow” as a supplement to our financial statements. “Adjusted earnings” excludes the impact of one-time items to provide a more comparable earnings measure from one period to the next. “EBITDA” is an approximate measure of our operating cash flow during the period. “Distributable cash flow” provides a measure of cash generated during the period to evaluate our cash distribution capability. Management also uses the latter measure as a basis for recommendations to our general partner’s Board of Directors regarding the distribution to be declared each quarter. These measures are presented to enhance investors’ understanding of the way that management analyzes our financial performance. They are provided as a supplement to GAAP financial results and are not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. A reconciliation to the most closely related GAAP measures is included in our most recent Management’s Discussion and Analysis filed with SEC. These measures do not have any standardized meaning prescribed by GAAP. They are, therefore, considered to be non-GAAP measures and are unlikely to be comparable to similar measures presented by other entities.

Fourth Quarter 2016 Highlights



- Net income attributable to controlling interests of \$60 million
- Distributable cash flow of \$67 million
- Cash distributions paid of \$66 million
- Declared cash distribution of \$0.94 per common unit
- Received offer from TransCanada to purchase 49.3% interest in Iroquois Gas Transmission System, LP and 11.8% interest in PNGTS

Dropdown Offer for 49.3% of Iroquois and 11.8% of PNGTS



- **Critical energy infrastructure in the U.S. Northeast**
- **Iroquois pipeline system**
 - 49.3% interest in a FERC-regulated interstate natural gas pipeline
 - Transports gas from TransCanada's Mainline out of Canada and from an interconnect with the Algonquin system in Connecticut
 - Key market connections into New York City
 - Serves LDCs and electric power plants
 - Supported by long-term contracts
- **PNGTS**
 - Interest would increase to 61.7%
- **Anticipate funding from a combination of debt and ATM equity**
- **Terms and structure of the proposed transaction subject to satisfactory negotiation and approval**
- **Expect transaction to be completed mid-year 2017**

Partnership and Market Update



- **Continued solid performance from our portfolio of assets**
 - GTN revenues benefited from higher short-term contracts resulting from higher gas flows out of Alberta and Canada
 - Consistent performance from Great Lakes and Northern Border
 - Continued stable performance from the remainder of our assets
- **Outlook**
 - PNGTS in a strong position for recontracting and expansion
 - GTN to potentially benefit from upstream debottlenecking activities
 - Great Lakes may see additional contracting related to TransCanada's Mainline load attraction service should its open season be successful

Fourth Quarter 2016 Financial Results

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



	Three months ended 31-Dec		Twelve months ended 31-Dec	
	2016	2015	2016	2015
Net income	60	(137)	244	20
Net income (loss) attributable to controlling interests	60	(137)	244	13
Net income (loss) per common unit – <i>basic and diluted</i> ^(a)	\$0.70	(\$2.24)	\$3.21	(\$0.03)
Cash distributions paid	(66)	(59)	(250)	(228)
Class B distributions paid	-	-	(12)	-
Cash distributions declared per common unit	\$0.94	\$0.89	\$3.71	\$3.46
Adjusted earnings	60	62	244	212
Adjusted earnings per common unit – <i>basic and diluted</i> ^(b)	\$0.70	\$0.79	\$3.21	\$3.03
EBITDA ^(b)	98	(100)	398	166
Adjusted EBITDA ^(b)	98	99	398	365
Distributable cash flow ^(b)	67	74	313	290
Weighted average common units outstanding (millions)	67.0	64.2	65.7	63.9
Common units outstanding, end of period (millions)	67.4	64.3	67.4	64.3

(a) Net income per common unit is computed by dividing net income attributable to controlling interests, after deduction of amounts attributable to the General Partner and Class B units, by the weighted average number of common units outstanding.

(b) Distributable cash flow, Adjusted earnings, Adjusted earnings per common unit, EBITDA and Adjusted are non-GAAP financial measures. The reconciliations of these measures to the most directly comparable GAAP measure, Net Income, are available on our website under the supplemental schedules published as part of our fourth quarter earnings release.

Fourth Quarter 2016 Financial Results

(unaudited, millions of dollars)



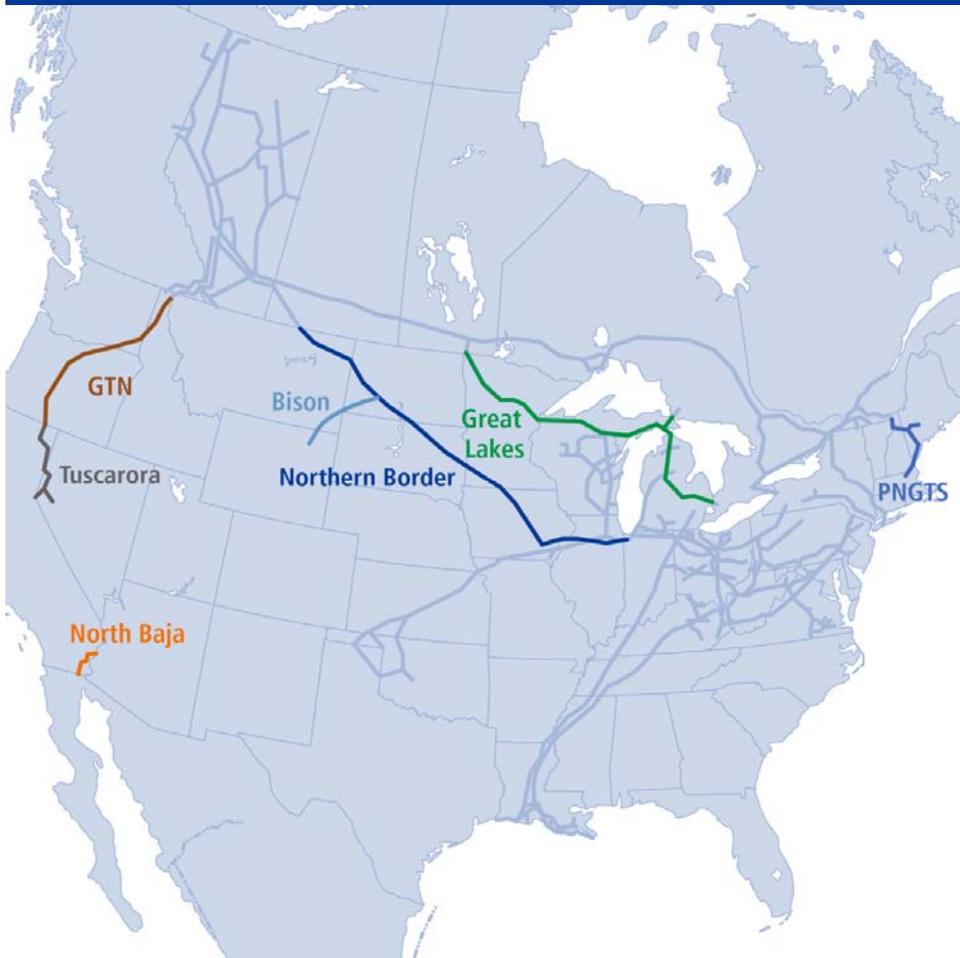
	Three months ended		Twelve months ended	
	31-Dec		31-Dec	
	2016	2015	2016	2015
Transmission revenues	91	89	357	344
Equity earnings from unconsolidated affiliates	28	34	116	97
Operating, maintenance and administrative	(21)	(24)	(76)	(81)
Depreciation	(21)	(22)	(86)	(85)
Financial charges and other	(17)	(15)	(67)	(56)
Impairment of equity-method investment	-	(199)	-	(199)
Net income (loss)	60	(137)	244	20
Net income attributable to non-controlling interests	-	-	-	7
Net income (loss) attributable to controlling interests	60	(137)	244	13

Solid Financial Position



- **Investment grade credit ratings**
 - Solid capital structure
 - Indicative of quality assets within portfolio
- **Liquidity and flexibility**
 - Credit facility of \$500 million; \$380 million available as at February 24, 2016
 - Right to request increase in credit facility by \$500 million
- **Solid distribution coverage**

TC PipeLines – Well Positioned for Growth



Stable cash flow from pipeline asset base

- Reliable and resilient infrastructure

Disciplined investment approach

- Focused on optimizing the value of existing portfolio
- Execution of business opportunities within our footprint

Potential dropdowns from TransCanada

- Announced receipt of dropdown offer from TransCanada
- TransCanada views TC PipeLines as a core element of its strategy and an effective financing option as it executes its sizable capital growth program

TC PipeLines, LP - Investment Proposition



Track Record of Stable and Growing Cash Distributions

- 17 consecutive years of distribution increases
- 6% increase in quarterly distribution in July, 2016
- With anticipated growth, expect future distribution increases



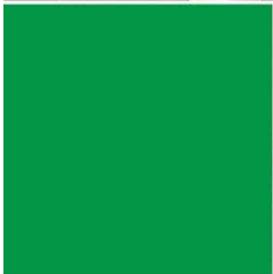
Low-Risk Energy Infrastructure Assets

- Diverse portfolio of FERC-regulated interstate natural gas pipelines
- Backed by long-term, ship-or-pay contracts
- Investment grade credit ratings



Growth Opportunities

- MLP of industry leader TransCanada Corporation
- Dropdowns from TransCanada and organic expansion opportunities could provide future growth



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