



TC PipeLines, LP



For the period May 28 to September 30, 1999

Financial Highlights

<i>(unaudited)</i> <i>(thousands of dollars except per unit amounts)</i>	Three months ended Sept. 30, 1999	May 28 ⁽¹⁾ – Sept. 30, 1999
Equity Income	8,738	11,868
Per unit	\$0.49	\$0.66
Net Income	8,499	11,485
Per unit	\$0.48	\$0.64
Partners' Capital	250,134	250,134
Units Outstanding (thousands)		
Common	14,691	14,691
Subordinated	2,809	2,809
	17,500	17,500

⁽¹⁾ Commencement of operations

TC PipeLines, LP
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Houston, Texas 77060

Message from the President and Chief Executive Officer of the General Partner

Results of Operations

For the three months ended September 30, 1999, TC PipeLines, LP (TC PipeLines or the Partnership) reported net income of \$8.5 million or \$0.48 cents per unit. Net income is comprised of \$8.7 million of equity income from the Partnership's 30 percent general partner interest in Northern Border Pipeline Company (Northern Border), less \$0.2 million of general and administrative expenses incurred by the Partnership in the quarter.

From the commencement of operations, on May 28, to September 30, 1999, TC PipeLines reported net income of \$11.5 million or \$0.64 per unit, of which equity income from Northern Border was \$11.9 million, and the Partnership's general and administrative expenses were \$0.4 million.

TC PipeLines' results reflect Northern Border's recent completion of its expansion and extension into the Chicago area (referred to as The Chicago Project). For the nine months ended September 30, 1999, Northern Border's 1999 earnings are 23 percent higher than for the same period in 1998, primarily as a result of The Chicago Project.

Cash Distributions

On October 19, 1999, the board of directors of TC PipeLines GP, Inc., the general partner of TC PipeLines, declared TC PipeLines' third quarter cash distribution in the amount of \$0.45 per unit. This distribution, which amounts to \$8.0 million, will be paid on November 12, 1999 to unitholders of record on October 29, 1999. This is the Partnership's first cash distribution for a full quarter. The declared distribution of \$0.45 per unit meets the targeted quarterly distribution level set in the Partnership's May 24, 1999 initial public offering prospectus.

On August 12, 1999, the Partnership made its first cash distribution since commencing operations and distributed cash of \$3.0 million, or \$0.1681 per unit to unitholders of record on July 30, 1999. This per unit amount also met the targeted quarterly distribution level as prorated for the shortened period of May 28 (commencement of operations) to June 30, 1999.

We are very pleased with the results of operations and the level of cash distributions the Partnership has generated to date. We look forward to continuing to provide favorable reports on Partnership results.

The general partner has recently undergone changes in its executive officers. These changes have largely been the result of a reorganization at TransCanada PipeLines Limited (TransCanada), parent of the general partner. As you will recall, TC PipeLines was formed by TransCanada to serve as its preferred acquisition and growth vehicle for pipeline assets in the United States and as an investment opportunity for TC PipeLines' unitholders to participate in that growth. TransCanada's commitment to TC PipeLines remains strong and TransCanada believes that it can best demonstrate that commitment by appointing members of its new senior executive team to the board of directors and management of TC PipeLines GP, Inc.

I am excited to have the opportunity to serve as President and Chief Executive Officer of TC PipeLines and am committed to moving the Partnership's acquisition and growth strategy forward.

The Partnership launched its new Internet site in October 1999, which can be found at www.tcpipelineslp.com. We invite you to review the information on the site and contact the Partnership's investor relations representative through the e-mail service with questions or comments. A toll-free number is also available (1-877-290-2772). We look forward to hearing from you.

On behalf of TC PipeLines, LP,



Garry P. Mihaichuk
 President and Chief Executive Officer
 TC PipeLines GP, Inc.
 November 10, 1999

This message includes forward looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934. Although TC PipeLines, LP believes that its expectations are based on reasonable assumptions, it can give no assurance that such expectations will be achieved. Important factors that could cause actual results to differ materially from those in the forward looking statements herein include changes in the regulatory environment, particularly with regard to regulation by the Federal Energy Regulatory Commission and the conditions of the capital markets and equity markets.

Income

<i>(unaudited)</i> <i>(thousands of dollars except per unit amounts)</i>	Three months ended Sept. 30, 1999	May 28 ⁽¹⁾ – Sept. 30, 1999
Equity Income from Investment in		
Northern Border Pipeline Company (Note 3)	8,738	11,868
General and Administrative Expenses	239	383
Net Income	8,499	11,485
Net Income Allocation		
General partner	170	230
Common units	6,992	9,448
Subordinated units	1,337	1,807
	8,499	11,485
Net Income per Unit (Note 4)	\$0.48	\$0.64
Units Outstanding (thousands)	17,500	17,500

See accompanying Notes to Condensed Financial Statements.

⁽¹⁾ Commencement of operations

Balance Sheet

<i>(unaudited)</i> <i>(thousands of dollars)</i>	Sept. 30, 1999	May 28, 1999 ⁽¹⁾
Assets		
Cash	544	—
Investment in Northern Border Pipeline Company (Note 3)	250,169	241,651
	250,713	241,651
Liabilities and Partners' Capital		
Current Liabilities		
Due to affiliate	300	—
Accounts payable	279	—
	579	—
Partners' Capital		
General partner	5,003	4,833
Common units	207,994	193,515
Subordinated units	37,137	43,303
	250,134	241,651
	250,713	241,651

Cash Flow

<i>(unaudited)</i> <i>(thousands of dollars)</i>	May 28 ⁽¹⁾ - Sept. 30, 1999
Cash Generated from Operations	
Net income	11,485
Add/(Deduct):	
Equity income in excess of distributions received	(8,518)
Decrease in operating working capital	279
	3,246
Financing Activities	
Distributions paid	(3,002)
Due to affiliate	300
Common units issued	7,501
Subordinated units redeemed	(7,501)
	(2,702)
Increase in Cash	544
Cash, Beginning of period	—
Cash, End of period	544

See accompanying Notes to Condensed Financial Statements.

⁽¹⁾ Commencement of operations

Notes To Condensed Financial Statements

For the period May 28 (commencement of operations) to September 30, 1999

(unaudited)

Note 1 Basis of Presentation

TC PipeLines, LP, a Delaware limited partnership, and its subsidiary limited partnership, TC PipeLines Intermediate Limited Partnership, a Delaware limited partnership, are collectively referred to herein as TC PipeLines or the Partnership.

The financial statements have been prepared by management in accordance with United States generally accepted accounting principles. Amounts are stated in United States dollars.

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 primarily of normal recurring accruals) necessary to present fairly the results of operations, financial position and cash flows of the Partnership as at May 28, 1999 and September 30, 1999, and for the three months ended September 30, 1999 and for the period May 28 to September 30, 1999.

The results of operations for the three months ended September 30, 1999 and the period May 28 to September 30, 1999, are not necessarily indicative of the results that may be expected for a full fiscal year.

Note 2 Formation of Partnership

TC PipeLines was formed on December 16, 1998. The Partnership commenced operations on May 28, 1999 when it issued 14,300,000 common units (11,500,000 to the public and 2,800,000 to an affiliate of the general partner) for net proceeds of \$274.6 million, after deducting underwriters' fees of \$15.0 million. These proceeds, along with 3,200,000 subordinated units, a 2 percent general partner interest and incentive distribution rights, were issued to TransCanada Border PipeLine Ltd. and TransCan Northern Ltd. (collectively, the predecessor companies), affiliates of the general partner, to acquire the predecessor companies' 30 percent general partner interest in Northern Border Pipeline Company.

On June 25, 1999, the underwriters exercised a portion of their over-allotment option under the terms of the underwriting agreement and purchased 390,694 additional common units for proceeds of \$7.5 million. The Partnership used those proceeds to redeem 390,694 subordinated units.

The common units and the subordinated units represent limited partner interests in the Partnership. During the period which subordinated units are outstanding (the subordination period), to the extent there is sufficient available cash, the holders of common units are entitled to receive a minimum quarterly distribution (MQD), plus any arrearages on the common units, before any distribution is made to the holders of subordinated units. The holders of subordinated units will have the right to receive the MQD only after the common units have received the MQD plus any arrearages in payment of the MQD. The subordinated units are not entitled to arrearages. Upon expiration of the subordination period, which will generally not occur before June 30, 2004, the subordinated units will convert into common units on a one-for-one basis and will then participate pro rata with the other common units in distributions of available cash.

The holder of the general partner interest is entitled to receive 2 percent of total cash distributions until the MQD has been achieved, at which time it will have the right to receive incentive distributions. Incentive distribution rights represent the right to receive an increasing percentage of quarterly distributions of available cash after the MQD has been achieved.

Note 3 Investment in Northern Border Pipeline Company

The Partnership owns a 30 percent general partner interest in Northern Border Pipeline Company (Northern Border), a partnership which owns a natural gas pipeline extending from the Montana-Saskatchewan border near Port of Morgan, Montana, to a terminus near Manhattan, Illinois. Northern Border is subject to regulation by the Federal Energy Regulatory Commission. Northern Border's accounting policies conform to U.S. generally accepted accounting principles, as applied in the case of regulated entities.

The Partnership uses the equity method of accounting for its investment in Northern Border, over which it is able to exercise significant influence. The Partnership's investment balance as at May 28, 1999 represents the combined carrying values of the investment in Northern Border as reflected in the accounts of the predecessor companies at the same date. TC PipeLines' equity income for the three months ended September 30 and the period May 28 to September 30, 1999 represents 30 percent of the net income of Northern Border for the same periods.

The following sets out summarized financial information for Northern Border for the three months ended September 30, 1999, the period May 28 to September 30, 1999 and as at September 30, 1999. TC PipeLines has held its general partner interest since May 28, 1999.

<i>(unaudited)</i> <i>(millions of dollars)</i>	Three months ended Sept. 30, 1999	May 28 -- Sept. 30, 1999
Northern Border Income Statement		
Revenues	73.9	101.5
Costs and expenses	(16.8)	(23.1)
Depreciation	(13.1)	(18.0)
Financial charges and other	(14.9)	(20.9)
Net income	29.1	39.5

<i>(unaudited)</i> <i>(millions of dollars)</i>	Sept. 30, 1999
Northern Border Balance Sheet	
Cash and short-term investments	20.6
Other current assets	31.0
Plant, property and equipment, net	1,739.1
Other assets	14.5
Current liabilities	(126.1)
Deferred amounts	(10.4)
Long-term debt	(834.8)
Partners' capital	833.9

Note 4 Net Income per Unit

Net income per unit is computed by dividing net income, after deduction of the general partner's allocation, by the number of common and subordinated units outstanding.

Note 5 Credit Facility

On May 28, 1999, the Partnership entered into a \$40 million unsecured two-year revolving credit facility with TransCanada PipeLine USA Ltd., an affiliate of the general partner. At September 30, 1999, the Partnership had no amount outstanding under this credit facility.

Common units of TC PipeLines, LP are quoted on the Nasdaq National Market and trade under the symbol "TCLPZ". Visit TC PipeLines, LP's Internet site at www.tcpipelineslp.com.

TC PipeLines, LP welcomes questions from unitholders and potential investors.

Please telephone:

Investor Relations at 1-877-290-2772 (toll-free) or Theresa Jang at (403) 290-7485.

Media Contact: Glenn Herchak at (403) 267-6299.