

TC PipeLines, LP
Financial Highlights

Statement of Income

(unaudited) (thousands of dollars, except per unit amounts)	Three months ended September 30		Nine months ended September 30	
	2002	2001	2002	2001
Equity Income from Investment in Northern Border Pipeline Company ⁽¹⁾	11,759	10,662	34,612	30,918
Equity Income from Investment in Tuscarora Gas Transmission Company ⁽²⁾	1,192	841	3,305	2,620
General and Administrative Expenses	(403)	(326)	(1,084)	(982)
Financial Charges	(100)	(205)	(249)	(828)
Net Income	12,448	10,972	36,584	31,728
Net Income per Unit ⁽³⁾	\$0.68	\$0.60	\$2.01	\$1.75
Units Outstanding (thousands)	17,500	17,500	17,500	17,500

Balance Sheet

(thousands of dollars)	September 30, 2002 (unaudited)	December 31, 2001 (audited)
Assets		
Cash	5,499	9,194
Investment in Northern Border Pipeline Company ⁽¹⁾	247,408	250,078
Investment in Tuscarora Gas Transmission Company ⁽²⁾	33,656	29,297
Deferred Amounts	188	119
	286,751	288,688
Liabilities and Partners' Equity		
Current Liabilities	524	484
Long-Term Debt	11,500	21,500
Partners' Equity	274,727	266,704
	286,751	288,688

Cash Flow Information

Nine months ended September 30 (unaudited)

(thousands of dollars)	2002	2001
Distributions Received from Equity Investments		
Northern Border Pipeline Company	36,674	31,438
Tuscarora Gas Transmission Company	3,290	1,650
Investment in Tuscarora Gas Transmission Company	(4,508)	-
Distributions Paid	(27,710)	(26,166)
Repayment of Long-Term Debt	(10,000)	-
Other	(1,441)	(1,917)
(Decrease)/Increase In Cash	<u>(3,695)</u>	<u>5,005</u>

⁽¹⁾ **Northern Border Pipeline Company**

TC PipeLines, LP holds a 30% general partner interest in Northern Border Pipeline Company. Summarized operating and financial information of Northern Border Pipeline for the three and nine months ended September 30, 2002 and 2001 and as at September 30, 2002 and December 31, 2001 is as follows:

(unaudited)	Three months ended September 30		Nine months ended September 30	
	2002	2001	2002	2001
<u>Operating Results</u>				
Gas Delivered (million cubic feet)	212,487	203,192	625,094	619,470
Average Throughput (million cubic feet per day)	2,387	2,277	2,360	2,336
<u>Financial Results</u> (millions of dollars)				
Operating Revenue	81.6	77.9	239.9	231.9
Operating Expenses				
Operations and Maintenance	7.5	7.2	21.9	24.7
Depreciation and Amortization	14.5	14.2	43.5	42.9
Taxes other than Income	7.7	8.4	20.7	19.2
Total Operating Expenses	<u>29.7</u>	<u>29.8</u>	<u>86.1</u>	<u>86.8</u>
Operating Income	51.9	48.1	153.8	145.1
Interest Expense, Net	(13.2)	(12.7)	(39.9)	(41.5)
Other Income/(Expense)	0.5	0.2	1.5	(0.5)
Net Income	<u>39.2</u>	<u>35.6</u>	<u>115.4</u>	<u>103.1</u>
<u>Capital Expenditures</u> (millions of dollars)				
Maintenance	3.2	1.5	5.9	4.8
Growth	0.3	34.0	0.8	46.3
<u>Summary Balance Sheet Data</u> (millions of dollars)				
	September 30, 2002		December 31, 2001	
	(unaudited)		(audited)	
Total Assets	<u>1,751.5</u>		<u>1,751.9</u>	
Other Current Liabilities and				
Reserves and Deferred Credits		60.8		54.6
Long-Term Debt (including current maturities)		866.0		863.7
Partners' Capital		817.6		824.4

Accumulated Other Comprehensive Income	<u>7.1</u>	9.2
Total Liabilities and Partners' Equity	<u>1,751.5</u>	<u>1,751.9</u>

(2) **Tuscarora Gas Transmission Company**

TC PipeLines, LP holds a 49% general partner interest in Tuscarora Gas Transmission Company. Summarized operating and financial information of Tuscarora for the three and nine months ended September 30, 2002 and 2001 and as at September 30, 2002 and December 31, 2001 is as follows:

(unaudited)	Three months ended September 30		Nine months ended September 30	
	2002	2001	2002	2001
Operating Results				
Gas Delivered (million cubic feet)	2,871	3,434	14,086	15,334
Average Throughput (million cubic feet per day)	31	37	52	56
Financial Results (millions of dollars)				
Operating Revenue	5.6	5.3	16.8	15.8
Operating Expenses				
Operations, Maintenance & Administrative	0.3	0.4	1.2	1.1
Depreciation and Amortization	1.2	1.2	3.5	3.5
Taxes other than Income	0.3	0.3	0.8	0.8
Total Operating Expenses	1.8	1.9	5.5	5.4
Operating Income	3.8	3.4	11.3	10.4
Interest Expense, Net	(1.3)	(1.5)	(4.4)	(4.7)
Other Income	0.2	-	0.5	0.3
Net Income	2.7	1.9	7.4	6.0
Capital Expenditures (millions of dollars)				
Maintenance	-	-	0.2	0.1
Growth	15.1	1.8	25.4	5.1
Summary Balance Sheet Data (millions of dollars)				
	September 30, 2002		December 31, 2001	
	(unaudited)		(audited)	
Total Assets	147.8		126.1	
Other Current Liabilities and				
Reserves and Deferred Credits		7.9		3.5
Long-Term Debt (including current maturities)		92.1		84.2
Partners' Capital		47.7		37.9
Accumulated Other Comprehensive Income		0.1		0.5
Total Liabilities and Partners' Equity	147.8		126.1	

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