TC PIPELINES LP
Form 424B5
June 15, 2011

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As filed pursuant to Rule 424(b)(5)
Registration No. 333-166221

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)(2)
Debt Securities	$350,000,000	$40,635

(1) Calculated in accordance with Rule 457(r) of the Securities Act.

(2) Paid herewith.

Prospectus Supplement
(To Prospectus dated June 14, 2011)

$350,000,000

4.65% Senior Notes due 2021

Interest payable June 15 and December 15

Issue Price: 99.834%

The notes will mature on June 15, 2021. Interest will accrue from June 17, 2011. We may redeem the notes in whole or in part at any time prior to maturity at the redemption price described under "Description of Notes Optional Redemption."

See "Risk Factors" on page S-21 of this prospectus supplement and on page 6 of the accompanying prospectus for a discussion of certain risks that you should consider in connection with an investment in the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Price to Public(1)	Underwriting Discounts	Proceeds to Us
Per Note	99.834%	0.65%	99.184%
Total	$349,419,000	$2,275,000	$347,144,000

(1) Plus accrued interest, if any, from June 17, 2011 if settlement occurs after that date.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

We expect that delivery of the notes through the book-entry delivery system of The Depository Trust Company and its participants will be made to investors on or about June 17, 2011.

Joint Book-Running Managers

J.P. Morgan **SunTrust Robinson Humphrey**

Senior Co-Managers

Deutsche Bank Securities **HSBC** **RBS**

Co-Managers

Mitsubishi UFJ Securities **Mizuho Securities**

June 14, 2011.

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Prospectus Supplement

This document is in two parts. The first part is this prospectus supplement, which describes our business and the specific terms of this offering. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. Generally, when we refer only to the "prospectus," we are referring to both parts combined. The accompanying prospectus relates to common units or debt securities we may offer from time to time. If the information about the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and any free writing prospectus. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the dates on the front of these documents or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since these dates.

For purposes of this prospectus supplement and the accompanying prospectus, unless otherwise indicated, the terms the "Partnership," "TC PipeLines," "us," "we," "our" and similar terms refer to TC PipeLines, LP, together with our subsidiaries. "TransCanada" refers to TransCanada Corporation and its subsidiaries. "TC PipeLines GP" refers to TC PipeLines GP, Inc., our general partner.

The statements in this prospectus supplement and the documents we have incorporated by reference that are not historical information, including statements concerning plans and objectives of management for future operations, economic performance or related assumptions, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Exchange Act of 1934, as amended. Forward-looking statements may include words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "forecast" and other words and terms of similar meaning. The absence of these words, however, does not mean that the statements are not forward-looking.

SUMMARY

You should carefully read the entire prospectus supplement, the accompanying prospectus and the other documents incorporated by reference to understand fully our business and the terms and risks of the notes, as well as the tax and other considerations that are important in making your investment decision. You should pay special attention to "Risk Factors" beginning on page S-21 of this prospectus supplement, on page 6 of the accompanying prospectus, and included in our Annual Report on Form 10-K for the year ended December 31, 2010 as updated by information included in our subsequently filed periodic and current reports incorporated by reference herein to determine whether an investment in our notes is appropriate for you.

TC PipeLines, LP

Overview

We are a publicly traded Delaware limited partnership formed in 1998 to acquire, own and participate in the management of energy infrastructure businesses in North America. Our common units are listed on the NASDAQ Global Select Market under the symbol "TCLP." Our general partner is TC PipeLines GP, which is wholly-owned by a subsidiary of TransCanada.

We have ownership interests in six natural gas interstate pipeline systems that collectively can transport approximately 8.9 billion cubic feet per day (Bcf/d) of natural gas, including partial ownership in Great Lakes Gas Transmission Limited Partnership (Great Lakes), Northern Border Pipeline Company (Northern Border), Gas Transmission Northwest LLC (GTN) and Bison Pipeline LLC (Bison), and full ownership in North Baja Pipeline, LLC (North Baja) and Tuscarora Gas Transmission Company (Tuscarora). Each of these pipelines is operated under agreements with subsidiaries of TransCanada. Distributions from Great Lakes and Northern Border provide the largest portion of our distributable cash flow.

Specifically, through our subsidiaries, we own:

- a 46.45% general partner interest in Great Lakes, a Delaware limited partnership formed in 1990. The remaining 53.55% is held by subsidiaries of TransCanada. The Great Lakes pipeline system consists of 2,115 miles of pipeline extending from the Canadian border near Emerson, Manitoba, Canada to St. Clair, Michigan, near Detroit, and has an average design capacity of approximately 2.4 Bcf/d at Emerson.

- a 50% general partner interest in Northern Border, a Texas general partnership formed in 1978. The remaining 50% is held by ONEOK Partners, L.P. The Northern Border pipeline system consists of 1,398 miles of pipeline extending from the Canadian border near Port of Morgan, Montana, to a terminus near North Hayden, Indiana, south of Chicago. The Northern Border pipeline system has a design capacity of approximately 2.4 Bcf/d.

- a 25% membership interest in GTN, a California corporation formed in 1957 and converted to a Delaware limited liability company in April 2011. The remaining 75% interest in GTN is held by a subsidiary of TransCanada. The GTN pipeline system consists of 1,353-miles of pipeline originating near Kingsgate, British Columbia at the Canadian border and connecting with the Tuscarora pipeline system near Malin, Oregon at the California border. The GTN pipeline has a design capacity of approximately 2.9 Bcf/d.

- a 25% membership interest in Bison, a Delaware limited liability company formed in 2008. The remaining 75% interest in Bison is held by a subsidiary of TransCanada. The Bison pipeline system consists of a 303 miles of pipeline originating from the Powder River Basin near Gillette, Wyoming connecting to the Northern Border pipeline system in Morton County, North Dakota. The Bison pipeline has a current design capacity of 407 million cubic feet per day (MMcf/d).

100% of North Baja, a Delaware limited liability company formed in 2000. The North Baja pipeline system consists of 86 miles of pipeline extending from an interconnection with the El Paso Natural Gas Company pipeline near Ehrenberg, Arizona, to an interconnection with the Gasoducto Bajanorte natural gas pipeline near Ogilby, California on the Mexican border. The North Baja pipeline system has a design capacity of 500 MMcf/d for southbound transportation and 600 MMcf/d for northbound transportation.

100% of Tuscarora, a Nevada general partnership formed in 1993. The Tuscarora pipeline system consists of 305 miles of pipeline extending from the GTN pipeline near Malin, Oregon to a terminus near Wadsworth, Nevada. The Tuscarora pipeline system has a design capacity of 230 MMcf/d.

Recent Developments

GTN and Bison Acquisition

On May 3, 2011, we acquired from subsidiaries of TransCanada a 25% interest in GTN and a 25% interest in Bison for a total transaction value of $605.0 million, subject to certain closing adjustments (the Acquisition). The GTN purchase price was $405.0 million in cash less $81.3 million, which reflected 25% of GTN's outstanding debt. The Bison purchase price was $200.0 million in cash less a $9.0 million future capital commitment to complete the Bison pipeline. Please read "GTN and Bison Pipeline Systems" below for more detailed information on the GTN and Bison pipeline systems.

The Acquisition was financed through a combination of debt and equity. We funded the Acquisition with net proceeds of approximately $338.0 million received from a public offering of our common units and through a draw of $61.0 million on a 364-day bridge loan facility entered into at the closing of the Acquisition and a draw of $125.0 million on our $250.0 million revolving credit facility (exclusive of our fully drawn $475.0 million term loan facility), together with operating cash flow. The Acquisition is expected to be immediately accretive to Partnership cash flows and earnings.

The Conflicts Committee of the Board of Directors of TC PipeLines GP, composed entirely of independent directors, unanimously recommended approval of the Acquisition to the Board of Directors. The Conflicts Committee retained legal and financial advisors to assist it in evaluating and negotiating the Acquisition. The Board of Directors of TC PipeLines GP unanimously approved the terms of the Acquisition.

Tuscarora Rate Proceeding

On May 24, 2011, the Federal Energy Regulatory Commission (FERC) issued an order initiating an investigation pursuant to Section 5 of the Natural Gas Act to determine whether Tuscarora's existing rates for jurisdictional services are unjust and unreasonable. The FERC initiated this proceeding following a complaint filed by the Public Utilities Commission of Nevada and Sierra Pacific Power Company d/b/a NV Energy. The FERC directed that a hearing be conducted pursuant to an accelerated timeline and that an initial decision be issued by April 27, 2012. We are currently analyzing the matter and cannot predict the impact to Tuscarora at this time.

Partnership Cash Distribution

On April 18, 2011, the board of directors of our general partner declared the Partnership's first quarter 2011 cash distribution in the amount of $0.75 per common unit, payable on May 13, 2011 to unitholders of record as of April 30, 2011.

Great Lakes Requests for Information

By letter dated May 31, 2011, the Environmental Protection Agency (EPA) required Great Lakes to provide additional information regarding its natural gas compressor station number 5 located in Minnesota, as well as information regarding other natural gas compressor stations in the states of Minnesota and Michigan, as part of the EPA's investigation of Great Lakes' compliance with the Clean Air Act. The potential effects on Great Lakes that may arise as a result of this information request are not determinable at this time.

GTN and Bison Pipeline Systems

GTN Pipeline System

The GTN pipeline system transports Western Canada Sedimentary Basin (WCSB) and Rocky Mountain-sourced natural gas to natural gas pipelines and markets in Washington, Oregon and California. The original construction of the GTN pipeline was completed in 1961, followed by expansions or extensions in 1993, 1995 and 2002.

GTN provides transportation service under rates and terms of service that are subject to approval by the FERC. GTN's current maximum transportation rates were determined by a rate case settlement between GTN and its customers approved by the FERC on January 7, 2008. The settlement agreement established a moratorium on rate changes until December 31, 2011, and requires GTN to submit a rate case with new rates to be effective by January 1, 2014. More than half of GTN pipeline's capacity is under long-term contracts that expire between 2015 and 2028.

The GTN pipeline competes with other pipelines that source natural gas from the WCSB and the Rocky Mountains and competes with other pipelines that serve the downstream markets served by GTN. In particular, GTN will compete with Ruby pipeline, which pipeline will deliver Rocky Mountain basin gas supplies into the California market upon its expected in-service date in mid-2011. Such competition has and may affect GTN's ability to extend and replace contracts on terms comparable to prior contracts, and consequently, its revenue and ability to make distributions.

The GTN pipeline is operated by a subsidiary of TransCanada. Subject to our limited approval rights, most decisions regarding the GTN pipeline system are established by the GTN Management Committee, which includes three members who are appointed by TransCanada and one member who is appointed by us.

Bison Pipeline System

Construction of the Bison pipeline commenced in July 2010, and the pipeline was placed into service in January 2011.

Bison operates pursuant to rates and terms of service approved by the FERC in connection with the Bison pipeline's initial construction. Bison has long-term transportation agreements with four shippers, all with terms expiring in 2021, for 407 MMcf/d, comprising all of the Bison pipeline's current annual capacity.

The Bison pipeline competes with other pipelines that transport Rocky Mountain basin natural gas supplies to markets in the West, Midwest and East in North America and with other pipelines that serve the same market area by sourcing natural gas from storage facilities and from other supply regions.

The Bison pipeline is operated by a subsidiary of TransCanada. Subject to our limited approval rights, most decisions of the Bison pipeline are established by the Bison Management Committee, which includes three members who are appointed by TransCanada and one member who is appointed by us.

Asset Summary

The table below provides details of our pipeline systems. Ownership interest, pipeline mileage and design capacity figures are as of June 13, 2011.

Pipeline System	Ownership Interest	Miles of Pipeline	Design Capacity	Average Daily Scheduled Volumes(1) 2010	2009	2008
	%		(MMcf/d)		(MMcf/d)	
Great Lakes	46.45	2,115	2,300 (summer design) 2,500 (winter design)	2,203	1,992	2,143
Northern Border	50.00	1,398	2,374	2,471	1,934	2,291
GTN	25.00	1,353	2,900	2,199	2,176	2,139
Bison	25.00	303	407	N/A(2)	N/A(2)	N/A(2)
North Baja	100.00	86	500 (southbound design) 600 (northbound design)	Not Included(1)	Not Included(1)	Not Included(1)
Tuscarora	100.00	305	230	Not Included(1)	Not Included(1)	Not Included(1)

(1) Average daily scheduled volumes represent volumes of natural gas, irrespective of path or distance transported, from which variable usage fee revenue is earned. Average daily scheduled volumes are not presented for North Baja and Tuscarora as these investments are underpinned by long-term firm contracts and do not vary significantly with changes in utilization.

(2) The Bison pipeline was placed into service in January 2011.

The table below sets forth certain information regarding the revenues for each of Great Lakes, Northern Border, GTN, Bison, North Baja and Tuscarora, as of and for the three months ended March 31, 2011:

Pipeline System	Percentage of Total Revenues as of and for Three Months Ended March 31, 2011 (%) Capacity Reservation	Usage and Other
Great Lakes	89%	11%
Northern Border	90%	10%
GTN	96%	4%
Bison	100%	0%
North Baja	97%	3%
Tuscarora	100%	0%

Business Strategies

Our strategic approach is to invest in long-term, critical energy infrastructure that provides reliable delivery of energy to customers in the United States.

Our investment approach is to develop or acquire assets that provide stable cash distributions and opportunities for new capital additions, while maintaining a low-risk profile. We are opportunistic and disciplined in our approach when identifying new investments.

Our operational approach is to maximize the utilization of our pipeline systems, with a commitment to safe and reliable operations.

Our Relationship with TransCanada

One of our principal strengths is our relationship with TransCanada. With more than 60 years experience, TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure including natural gas and oil pipelines, power generation and gas storage facilities. TransCanada's network of wholly owned and partially owned natural gas pipelines extends more than 35,500 miles and 7,000 miles, respectively, tapping into virtually all major gas supply basins in North America. TransCanada is one of the continent's largest providers of gas storage and related services with approximately 380 billion cubic feet of storage capacity. A growing independent power producer, TransCanada owns, or has interests in, over 10,800 megawatts of power generation in Canada and the United States. TransCanada is developing one of North America's largest oil delivery systems. TransCanada's common shares trade on the Toronto and New York stock exchanges under the symbol TRP.

TransCanada, through its subsidiaries, currently owns a 33.31% interest in us and our pipeline systems, including an effective 2% general partner interest and a 10.73% limited partner interest held by TC PipeLines GP. Subsidiaries of TransCanada operate our pipeline systems and one subsidiary, TransCanada PipeLines Limited, is the largest customer on Great Lakes. We expect to have the opportunity to participate jointly with TransCanada in reviewing potential acquisitions, including transactions that we would be unable to pursue on our own. Additionally, we may have the opportunity to make acquisitions directly from TransCanada, such as the recently completed Acquisition. TransCanada, however, is under no obligation to allow us to participate in any of its pipeline or energy infrastructure acquisitions, nor is TransCanada required to offer any of its assets to us.

Our Pipeline Systems

All of our pipeline systems are regulated by the FERC. Our pipeline systems, transportation contracts and, accordingly, our operating revenues are derived from rates stated in our tariffs. Tariffs specify the maximum and minimum transportation rates that our pipeline systems may charge their customers. Rates can be discounted to address competition, if necessary. In addition, tariffs specify the general terms and conditions for pipeline transportation service. Rates are approved by the FERC, and in most cases, are established in a FERC proceeding known as a rate case. During a rate case, a determination is reached by the FERC, either through a hearing or a settlement, on the maximum rates permissible for transportation service on a pipeline system that would allow it to recover its cost-based investment, operating expenses and a reasonable return for its investors. Once maximum rates are set, a pipeline system is not permitted to adjust the maximum rates to reflect changes in costs or contract demand until new rates are approved by the FERC. As a result, earnings and cash flows of each pipeline system depend on costs incurred, contracted capacity and transportation path, the volume of natural gas transported, and the ability of each system to sell capacity at acceptable rates.

Partnership Structure and Management

Our ownership interests in each of Great Lakes, Northern Border, GTN, Bison, North Baja and Tuscarora are held by our subsidiary intermediate limited partnerships. The following chart depicts our organizational and ownership structure. The ownership percentages reflect the approximate ownership interest in us and our subsidiary limited partnerships on a combined basis:

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(1) Limited partner interest

(2) General partner interest

(3) The remaining 53.55% partner interest is held by subsidiaries of TransCanada

(4) Membership interest

(5) The remaining 75.00% interest is held by a subsidiary of TransCanada

(6) The remaining 50.00% General Partner interest is held by ONEOK Partners, LP

The Offering

The information in this summary is provided solely for your convenience. This summary does not contain a complete description of the notes. You should read the more detailed description contained elsewhere in the prospectus supplement. Please see "Description of Notes."

Issuer	TC Pipelines, LP
Notes Offered	$350.0 million aggregate principal amount of 4.65% Senior Notes due 2021.
Interest Rate	Interest will accrue on the notes from June 17, 2011 at a rate of 4.65% per annum.
Interest Payment Dates	Interest will be payable semiannually in arrears on June 15 and December 15 of each year, beginning on December 15, 2011.
Maturity	The notes will mature June 15, 2021.
Use of Proceeds	We expect to receive net proceeds from this offering of approximately $346.4 million, after deducting underwriting discounts and estimated offering expenses. We intend to use the net proceeds of this offering to repay funds borrowed under the bridge loan facility and to partially repay the revolver and term loan portions of our credit facility. See "Use of Proceeds."
	Certain affiliates of the underwriters are lenders under our credit facilities and as such will receive a portion of the proceeds from this offering. See "Underwriting Conflicts of Interest."
Ranking	The notes will be our senior unsecured obligations. The notes will rank equally in right of payment with all of our other existing and future unsecured, senior indebtedness and senior to any of our subordinated indebtedness. Assuming we had completed this offering on March 31, 2011 and giving effect to debt incurred to complete the Acquisition, we would have had approximately $329.9 million of indebtedness outstanding ranking equally in right of payment to the notes offered hereby. See "Description of the Notes General."
	The notes will effectively rank junior to all existing and future obligations of our subsidiaries. At March 31, 2011, our subsidiaries had $30.9 million of indebtedness. In addition, Great Lakes, in which we own a 46.45% interest, had $383.0 million of long-term debt outstanding; Northern Border, in which we own a 50% interest, had $540.6 million of long-term debt outstanding; and GTN, in which we own a 25% interest, had $325.0 million of long-term debt outstanding, in each case as of March 31, 2011.

Optional Redemption	At our option, any or all of the notes may be redeemed, in whole or in part, at any time prior to March 15, 2021, by paying the redemption price described under "Description of Notes Optional Redemption," which includes a make-whole premium, plus accrued but unpaid interest, if any, to the redemption date. If we elect to redeem the notes at any time on or after March 15, 2021, the notes will be redeemable, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes then outstanding to be redeemed, plus unpaid interest accrued to the date of redemption.
Certain Covenants	We will issue the notes under an indenture containing covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to: create liens on our principal property; engage in sale-leaseback transactions, and merge or consolidate with other entities or sell, lease or transfer substantially all of our properties or assets to other entities. These covenants are subject to a number of important exceptions, limitations and qualifications. See "Description of Notes Additional Covenants" and "Description of Our Debt Securities Provisions Only in the Senior Indenture Limitation on Liens" and " Restrictions on Sale-Leaseback Transactions" beginning on page 9 in the accompanying prospectus.
Further Issuances	We may, from time to time, without notice to or the consent of the holders of the notes, issue additional notes having the same interest rate, maturity and other terms as the notes offered hereby. Any additional notes having such similar terms, together with the notes offered hereby, will constitute a single series under the indenture.
Book Entry, Delivery and Form	The notes will be represented by one or more permanent global certificates in fully registered form deposited with the trustee as custodian for, and registered in the name of, a nominee of The Depository Trust Company.
Listing and Trading	We do not intend to list the notes for trading on any securities exchange. We can provide no assurance as to the liquidity of, or development of any trading market for, the notes.
Governing Law	The indenture and the notes provide that they will be governed by, and construed in accordance with, the laws of the State of New York.
Trustee	The Bank of New York Mellon.
Risk Factors	Investing in the notes involves risk. See "Risk Factors" beginning on page S-21 of this prospectus supplement and on page 6 of the accompanying prospectus for information regarding risks you should consider before investing in the notes.

Summary Historical and Pro Forma Financial Data

We have derived the summary historical financial data for the three years ended December 31, 2010 from our audited financial statements and related notes. We have derived the summary historical financial data for the three months ended March 31, 2011 and 2010 and as of March 31, 2011 from our unaudited financial statements and related notes. The pro forma financial data for the year ended December 31, 2010 reflects our historical financial data from our audited financial statements and related notes as adjusted for the Acquisition, including the debt incurred and equity issued to finance the Acquisition, as if such transactions had occurred on January 1, 2010. The pro forma financial data as of and for the three months ended March 31, 2011 reflect our historical financial data from our unaudited financial statements, which have been prepared on a consistent basis with our audited financial statements and the notes thereto, as adjusted for the Acquisition occurring on January 1, 2010 for income and other data and March 31, 2011 for balance sheet data. The pro forma as adjusted balance sheet data as of March 31, 2011 reflects our pro forma balance sheet data, as adjusted to give effect to this offering. You should read the information below in conjunction with the Partnership's "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing in the Annual Report on Form 10-K for the year ended December 31, 2010 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, which are incorporated by reference in this prospectus supplement.

The following table includes the non-GAAP financial measures of Partnership cash flows and Partnership cash flows before general partner distributions. For a reconciliation of Partnership cash flows and Partnership cash flows before general partner distributions to net income, our most directly comparable financial measure calculated in accordance with GAAP, please read "Non-GAAP Financial Measures." The consolidated financial statements of Great Lakes and the financial statements of Northern Border, in each case as of December 31, 2010 and 2009 and for each of the three years ended December 31, 2010 are included in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2010 and are incorporated herein by reference. The combined financial statements of GTN and Bison as of December 31, 2010 and for the year ended December 31, 2010 are included as an exhibit to the Partnership's Current Report on Form 8-K/A filed on June 13, 2011 and are incorporated herein by reference.

TC PipeLines, LP

	Year Ended December 31,				Three Months Ended March 31,		
	2008(1)	2009(1)	2010	Pro Forma 2010	2010	2011	Pro Forma 2011
				(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(millions of U.S. dollars, except per common unit amounts)						
Income Data							
Equity income from investment in Great Lakes	$ 57.3	$ 59.1	$ 58.7	$ 58.7	$ 16.3	$ 18.0	$ 18.0
Equity income from investment in Northern Border	65.3	40.3	67.3	67.3	14.6	20.6	20.6
Equity income from investment in GTN				19.4			6.6
Equity income from investment in Bison				2.5			2.3
Transmission revenues	64.5	67.9	69.1	69.1	17.4	17.3	17.3
Operating expenses	(11.5)	(11.0)	(13.0)	(13.0)	(3.4)	(3.1)	(3.1)
General and administrative	(4.1)	(6.2)	(4.4)	(4.4)	(1.3)	(1.8)	(1.8)
Depreciation	(13.9)	(14.7)	(15.0)	(15.0)	(3.7)	(3.7)	(3.7)
Financial charges and other	(34.6)	(29.3)	(25.6)	(28.8)	(6.2)	(5.0)	(5.5)
Net income	$ 123.0	$ 106.1	$ 137.1	$ 155.8	$ 33.7	$ 42.3	$ 50.7
Basic and diluted net income per unit	$ 2.73	$ 2.34	$ 2.91	$ 2.85	$ 0.71	$ 0.90	$ 0.93
Weighted average common units outstanding (millions)	34.9	38.7	46.2	53.5	46.2	46.2	53.5
Other Data							
Partnership cash flows before general partner distributions(2)	$ 156.2	$ 158.0	$ 182.9	$ 195.9	$ 37.5	$ 49.0	$ 54.7
Partnership cash flows(2)	$ 143.5	$ 150.2	$ 180.1	$ 192.6	$ 36.8	$ 48.3	$ 53.9

	March 31, 2011		
	Actual	Pro Forma	Pro Forma As Adjusted
	(unaudited)	(unaudited)	(unaudited)
	(millions of U.S. dollars)		
Balance Sheet Data			
Total assets	$ 1,646.1	$ 2,051.5	$ 2,054.5
Long-term debt (including current maturities)	$ 505.9	$ 706.4	$ 709.4
Partners' equity	$ 1,121.0	$ 1,324.9	$ 1,324.9

(1) The acquisition of North Baja from TransCanada was accounted for as a transaction between entities under common control, similar to a pooling of interests, whereby the assets and liabilities of North Baja were recorded at TransCanada's carrying value and the Partnership's historical financial information was recast to include North Baja for all periods presented on a consolidated basis.

(2) Pro forma partnership cash flows include distributions made by GTN to TransCanada. There were no cash distributions from Bison in the pro forma year ended December 31, 2010 and the pro forma three months ended March 31, 2011 as Bison was placed into service in January 2011.

Great Lakes(1)

	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Three Months Ended March 31 2010 (unaudited)	Three Months Ended March 31 2011 (unaudited)
	(millions of U.S. dollars)				
Income Data					
Transmission revenues	$ 287.1	$ 289.7	$ 262.4	$ 72.9	$ 70.2
Operating expenses	(67.1)	(66.5)	(59.2)	(14.2)	(14.3)
Depreciation	(58.5)	(58.5)	(40.5)	(14.3)	(8.1)
Financial charges and other	(32.6)	(31.9)	(30.9)	(7.9)	(7.6)
Michigan business tax	(5.5)	(5.4)	(5.3)	(1.5)	(1.6)
Net income	$ 123.4	$ 127.4	$ 126.5	$ 35.0	$ 38.6
Other Data					
Cash distributions	$ 73.9	$ 72.5	$ 69.2	$ 15.7	$ 16.9

	March 31, 2011 (unaudited) (millions of U.S. dollars)
Balance Sheet Data	
Total assets	$ 931.2
Long-term debt (including current maturities)	$ 383.0
Partners' equity	$ 510.0

(1) The financial information above for Great Lakes is at 100%. The Partnership owns a 46.45% interest in Great Lakes.

Northern Border(1)

	Year Ended December 31,			Three Months Ended March 31	
	2008	2009	2010	2010	2011
				(unaudited)	(unaudited)
	(millions of U.S. dollars)				
Income Data					
Transmission revenues	$ 293.1	$ 249.2	$ 295.1	$ 69.1	$ 80.2
Operating expenses	(78.0)	(70.8)	(74.0)	(18.0)	(17.5)
Depreciation	(61.1)	(61.9)	(61.5)	(15.4)	(15.3)
Financial charges and other	(21.8)	(34.4)	(23.4)	(6.0)	(5.7)
Net income	$ 132.2	$ 82.1	$ 136.2	$ 29.7	$ 41.7
Other Data					
Cash distributions	$ 90.7	$ 75.7	$ 86.0	$ 16.4	$ 25.8

	March 31, 2011
	(unaudited) (millions of U.S. dollars)
Balance Sheet Data	
Total assets	$ 1,353.7
Long-term debt (including current maturities)	$ 540.6
Partners' equity	$ 758.3

(1) The financial information above for Northern Border is at 100%. The Partnership owns a 50% interest in Northern Border.

Historical Combined GTN and Bison(1)

		Year Ended December 31, 2010		Three Months Ended March 31, 2010		Three Months Ended March 31, 2011
				(unaudited)		(unaudited)
		(millions of U.S. dollars)				
Income Data						
Transmission revenues	$	217.5	$	56.9	$	73.7
Operating expenses		(52.3)		(14.8)		(16.5)
Depreciation		(37.9)		(9.9)		(13.1)
Financial charges and other		(12.3)		(4.4)		(1.6)
Income tax		(40.4)		(10.3)		(15.9)
Net income	$	74.6	$	17.5	$	26.6
Other Data						
Cash distributions	$	65.0	$		$	25.0

		March 31, 2011
		(unaudited) (millions of U.S. dollars)
Balance Sheet Data		
Total assets	$	1,645.0
Long-term debt (including current maturities)	$	325.0
Partners' equity	$	1,194.2

(1) The historical financial information above for combined GTN and Bison is at 100%. The Partnership owns a 25% interest in each of GTN and Bison. Bison went into service in January 2011 and therefore Bison's 2010 earnings were comprised of non-cash Allowance for Funds Used During Construction.

Non-GAAP Financial Measures

We use the non-GAAP financial measures "Partnership cash flows" and "Partnership cash flows before general partner distributions" as they provide measures of cash generated during the period to evaluate our cash distribution capability. Management also uses these measures as a basis for recommendations to our general partner's Board of Directors regarding the distribution to be declared each quarter. Partnership cash flow information is presented to enhance investors' understanding of the way that management analyzes our financial performance.

Pro forma Partnership cash flows include cash distributions from equity investments in Great Lakes, Northern Border, GTN and Bison plus operating cash flows from our wholly-owned subsidiaries, North Baja (post-acquisition) and Tuscarora, net of Partnership costs and distributions declared to the general partner.

Partnership cash flows and Partnership cash flows before general partner distributions are provided as a supplement to GAAP financial results and are not meant to be considered in isolation or as substitutes for financial results prepared in accordance with GAAP. The following table presents a reconciliation of Partnership cash flows and Partnership cash flows before general partner distributions to net income, our most directly comparable financial measure calculated in accordance with GAAP. 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.

	Year Ended December 31,				Three Months Ended March 31,		
	2008(2)	2009(2)	2010	Pro Forma 2010(1)	2010	2011	Pro Forma 2011(1)
				(unaudited)			
				(millions of U.S. dollars)			
Reconciliation of Net Income to Partnership Cash Flows							
Net income	$ 123.0	$ 106.1	$ 137.1	$ 155.8	$ 33.7	$ 42.3	$ 50.7
North Baja's contribution prior to acquisition(2)	(15.3)	(8.3)					
Net income prior to recast	107.7	97.8	137.1	155.8	33.7	42.3	50.7
Add:							
Cash distributions from Great Lakes	73.9	72.5	69.2	69.2	15.7	16.9	16.9
Cash distributions from Northern Border	90.7	75.7	86.0	86.0	16.4	25.8	25.8
Cash distributions from GTN(3)				16.2			6.2
Cash distributions from Bison(4)							
Cash flows provided by North Baja's operating activities		15.7	29.6	29.6	4.7	6.8	6.8
Cash flows provided by Tuscarora's operating activities	21.5	23.7	23.9	23.9	7.2	6.3	6.3
	186.1	187.6	208.7	224.9	44.0	55.8	62.0
Less:							
Equity income from investment in Great Lakes	(57.3)	(59.1)	(58.7)	(58.7)	(16.3)	(18.0)	(18.0)
Equity income from investment in Northern Border	(65.3)	(40.3)	(67.3)	(67.3)	(14.6)	(20.6)	(20.6)
Equity income from investment in GTN(3)				(19.4)			(6.6)
Equity income from investment in Bison(4)				(2.5)			(2.3)
North Baja's net income		(11.6)	(20.7)	(20.7)	(5.4)	(5.6)	(5.6)
Tuscarora's net income	(15.0)	(16.4)	(16.2)	(16.2)	(3.9)	(4.9)	(4.9)
	(137.6)	(127.4)	(162.9)	(184.8)	(40.2)	(49.1)	(58.0)
Partnership cash flow before general partner distributions	156.2	158.0	182.9	195.9	37.5	49.0	54.7
General partner distributions	(12.7)	(7.8)	(2.8)	(3.3)	(0.7)	(0.7)	(0.8)
Partnership cash flows	$ 143.5	$ 150.2	$ 180.1	$ 192.6	$ 36.8	$ 48.3	$ 53.9

(1) The pro forma data gives effect to the Acquisition, including the debt incurred and equity issued to finance the Acquisition, as if such transactions had occurred on January 1, 2010.

(2) The acquisition of North Baja from TransCanada was accounted for as a transaction between entities under common control, similar to a pooling of interests, whereby the assets and liabilities of North Baja were recorded at TransCanada's carrying value and the Partnership's historical financial information was recast to include North Baja for all periods presented on a consolidated basis.

(3) Pro forma partnership cash flows include distributions made by GTN to TransCanada.

(4) There were no cash distributions from Bison in the pro forma year ended December 31, 2010 and the pro forma three months ended March 31, 2011 as the equity income from the 25% equity investment in Bison represents earnings comprised of non-cash Allowance for Funds During Construction. Bison was placed into service in January 2011.

RISK FACTORS

Investing in the notes offered pursuant to this prospectus supplement and the accompanying prospectus involves certain risks. You should carefully consider the following risk factors and those described under "Risk Factors" in the accompanying prospectus and in Part I. Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2010 and Part II. Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, together with the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before investing in the notes. If any of these risks were to occur, our business, financial condition or results of operations could be materially adversely affected. In such case, the value of our notes could decline, and you could lose all or part of your investment.

Risks Related to the Notes

Your ability to transfer the notes at a time or price you desire may be limited by the absence of an active trading market, which may not develop.

The notes are a new issue of securities for which there is no established public market. We do not intend to apply for listing of the notes on the securities exchange or for quotation of the notes in any automated dealer quotation system. In addition, although the underwriters have informed us that they intend to make a market in the notes, as permitted by applicable laws and regulations, they are not obligated to make a market in the notes, and they may discontinue their market-making activities at any time without notice. An active market for the notes may not exist or develop or, if developed, may not continue. In the absence of an active trading market, you may not be able to transfer the notes within the time or at the price you desire.

The notes will be our senior unsecured obligations and will not be guaranteed by any of our subsidiaries. As a result, the notes will be effectively junior to our existing and future secured debt and to all debt and other liabilities of our subsidiaries.

The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our other existing and future senior unsecured debt. All of our operating assets are owned by our subsidiaries, and none of these subsidiaries will guarantee our obligations with respect to the notes. Creditors of our subsidiaries may have claims with respect to the assets of those subsidiaries that rank effectively senior to the notes. In the event of any distribution or payment of assets of such subsidiaries in any dissolution, winding up, liquidation, reorganization or bankruptcy proceeding, the claims of those creditors would be satisfied prior to making any such distribution or payment to us in respect of our direct or indirect equity interests in such subsidiaries. Consequently, after satisfaction of the claims of such creditors, there may be little or no amounts left available to make payments in respect to the notes. As of March 31, 2011, our subsidiaries had $30.9 million of debt for borrowed money owing to unaffiliated third parties. Such subsidiaries are not prohibited under the indenture from incurring indebtedness in the future. In addition, Great Lakes, in which we own a 46.45% interest, had $383.0 million of long-term debt outstanding; Northern Border, in which we own a 50% interest, had $540.6 million of long-term debt outstanding; and GTN, in which we own a 25% interest, had $325.0 million of long-term debt outstanding, in each case as of March 31, 2011.

In addition, because the notes are unsecured, holders of any of our secured indebtedness would have claims with respect to the assets constituting collateral for such indebtedness that are senior to the claims of the holders of the notes. Currently, we have no secured indebtedness. Although the indenture governing the notes places some limitations on our ability to create liens securing debt, there are significant exceptions to these limitations that would allow us to secure significant amounts of indebtedness without equally and ratably securing the notes. If we incur secured indebtedness and such indebtedness is either accelerated or becomes subject to a bankruptcy, liquidation or reorganization proceedings, our assets would be used to satisfy obligations with respect to the indebtedness secured thereby before any payment could be made on the notes. Consequently, any such secured indebtedness would effectively be senior to the notes, to the extent of the value of the collateral securing the secured indebtedness. In that event, you may not be able to recover all of the principal or interest you are due under the notes.

Our substantial indebtedness and restrictions in our debt agreements may adversely affect our future financial and operating flexibility.

As of March 31, 2011, our consolidated indebtedness was $505.9 million, and after giving effect to this offering and debt incurred to complete the Acquisition, our consolidated indebtedness would have been $709.4 million. In addition, Great Lakes, in which we own a 46.45% interest, had $383.0 million of long-term debt outstanding; Northern Border, in which we own a 50% interest, had $540.6 million of long-term debt outstanding; and GTN, in which we own a 25% interest, had $325.0 million of long-term debt outstanding, in each case as of March 31, 2011. As of March 31, 2011, the remaining availability under our credit facility was $250.0 million, and after giving effect to this offering, the availability under our credit facility is approximately $235.4 million.

The Acquisition was partially funded through a draw of $61.0 million on a 364-day bridge loan facility entered into at the closing of the Acquisition and a draw of $125.0 million on our $250.0 million committed and available revolving credit facility (exclusive of our fully drawn $475.0 million term loan facility). Our substantial indebtedness and the additional debt we may incur in the future for potential acquisitions may adversely affect our liquidity and therefore our ability to make interest payments on the notes.

Among other things, our substantial indebtedness may be viewed negatively by credit rating agencies, which could result in increased costs for us to access the capital markets. Any future downgrade of the debt issued by us or our subsidiaries could significantly increase our capital costs or adversely affect our ability to raise capital in the future.

Debt service obligations and restrictive covenants in our credit facility and the indenture governing the notes may adversely affect our ability to finance future operations, pursue acquisitions and fund other capital needs and our ability to make cash distributions to our unitholders. In addition, this leverage may make our results of operations more susceptible to adverse economic or operating conditions by limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and may place us at a competitive disadvantage as compared to our competitors that have less debt.

If we incur any additional indebtedness, including trade payables, that ranks equally with the notes, the holders of that debt will be entitled to share ratably with you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of us. This may have the effect of reducing the amount of proceeds paid to you. If additional debt is added to our current debt levels, the related risks that we now face could intensify. See "Description of Notes."

We have a holding company structure in which our subsidiaries and entities we hold minority equity interests in (equity investees) conduct our operations and own our operating assets.

We are a holding company, and our subsidiaries and equity investees conduct all of our operations and own all of our operating assets. We do not have significant assets other than equity in our subsidiaries and equity investees. As a result, our ability to make required payments on the notes depends on the performance of our subsidiaries and equity investees and their ability to distribute funds to us. The ability of these entities to make distributions to us may be restricted by, among other things, credit instruments, applicable state business organization laws and other laws and regulations. If our subsidiaries are prevented from distributing funds to us, we may be unable to pay all the principal and interest on the notes when due.

Risks Inherent in an Investment in Us

We do not have the same flexibility as other types of organizations to accumulate cash, which may limit cash available to service the notes or to repay them at maturity.

Unlike a corporation, our limited partnership agreement requires us to distribute, on a quarterly basis, 100% of our available cash to our unitholders of record and our general partner. Available cash is generally defined as all of our cash on hand as of the end of a fiscal quarter, adjusted for cash distributions and net changes to reserves. Our general partner will determine the amount and timing of such distributions and has broad discretion to establish and make additions to our reserves or the reserves of our operating subsidiaries in amounts it determines in its reasonable discretion to be necessary or appropriate:

- to provide for the proper conduct of our business and the businesses of our subsidiaries (including reserves for future capital expenditures and for our anticipated future credit needs);
- to reimburse our general partner for all expenses it has incurred on our behalf;
- to provide funds for distributions to our unitholders and our general partner for any one or more of the next four calendar quarters; or
- to comply with applicable law or any of our loan or other agreements.

Although our payment obligations to our unitholders are subordinate to our payment obligations to you, the value of our common units may decrease with decreases in the amount we distribute per common unit. Accordingly, if we experience a liquidity problem in the future, the value of our common units may decrease, and we may not be able to issue equity to recapitalize or otherwise improve our liquidity.

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes and our indebtedness under our credit facility, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness, including the notes. We cannot assure you that we would be able to take any of these actions, that these actions would be successful and would permit us to meet our scheduled debt service obligations or that these actions would be permitted under the terms of our existing or future debt agreements, including our credit agreement and the indenture that will govern the notes. In the absence of such cash flows and capital resources, we could face substantial liquidity problems and may be required to dispose of material assets or investments to meet our debt service and other obligations, although our credit agreement contains restrictions with respect to the latter. In the event that we were to dispose of assets or investments, we may not be able to consummate those dispositions, and any proceeds may not be adequate to meet any debt service obligations then due. See "Description of the Notes."

We do not own a controlling interest in Great Lakes, Northern Border, GTN or Bison, and we may be unable to cause certain actions to take place unless the other partner agrees. As a result, we will be unable to control the amount of cash we will receive from those operations and we could be required to contribute significant cash to fund our share of their operations. If we fail to make these contributions our ownership interest would be diluted.

The major policies of Great Lakes, Northern Border, GTN and Bison are established by each of their management committees.

Great Lakes' management committee consists of up to six appointed members, half of whom are designated by us and half of whom are designated by TransCanada. Currently, there are four members appointed to the management committee and all decisions require unanimous consent. An executive committee consisting of two appointed members one Partnership committee member and one TransCanada committee member, who also serves as the president of Great Lakes has all of the powers of the management committee in the management of Great Lakes' business. Because of these provisions, without the concurrence of TransCanada, we may be unable to cause Great Lakes to take or not to take certain actions, even though those actions may be in the best interest of us or Great Lakes.

GTN's management committee consists of four appointed members, one of whom is designated by us and the remainder of whom are designated by TransCanada. The management committee acts upon a majority vote of the members and some actions require the approval of members holding 90% of the equity interests in GTN. Because of these provisions, without the concurrence of TransCanada, we may be unable to cause GTN to take or not to take certain actions, even though those actions may be in the best interest of us or GTN.

Bison's management committee consists of four appointed members, one of whom is designated by us and the remainder of whom are designated by TransCanada. The management committee acts upon a majority vote of the members and some actions require the approval of members holding 90% of the equity interests in Bison. Because of these provisions, without the concurrence of TransCanada, we may be unable to cause Bison to take or not to take certain actions, even though those actions may be in the best interest of us or Bison.

Northern Border's management committee consists of four members, two of whom are designated by us and two of whom are designated by an affiliate of ONEOK Partners. The management committee requires the affirmative vote of a majority of the partners' ownership interests to act on most activities. Certain activities require the unanimous consent of the committee, such as the filing of the application for regulatory authority to construct and operate new facilities and any changes to the cash distribution policy. Because of these provisions, without the concurrence of ONEOK, we may be unable to cause Northern Border to take or not to take certain actions, even though those actions may be in the best interest of us or Northern Border.

Great Lakes, Northern Border, GTN and Bison may require us to make additional capital contributions. Our funding of these capital contributions would reduce the amount of cash otherwise available for distribution to our unitholders. Additionally, in the event we elect not to, or are unable to, make a required capital contribution to Great Lakes, GTN, Bison or Northern Border, our ownership interest would be diluted.

Our tax treatment will depend on our status as a partnership for U.S. federal income tax purposes, as well as our not being subject to additional entity-level taxation by individual states. If the Internal Revenue Service (IRS) treats us as a corporation for tax purposes or we become subject to additional entity-level taxation, this would reduce the amount of cash available for payment of principal and interest on the notes.

If we were classified as a corporation for U.S. federal income tax purposes, we would be required to pay U.S. federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay state income tax at varying rates. Treatment of us as a corporation would cause a material reduction in our anticipated cash flow, which could materially and adversely affect our ability to make payments on the notes.

Current laws may change so as to cause us to be treated as a corporation for U.S federal income tax purposes or otherwise subject us to entity-level taxation. The present federal income tax treatment of publicly traded partnerships, including us, may be modified by administrative, legislative or judicial interpretation at any time. Any modifications to the federal income tax law or interpretations thereof could make it difficult or impossible to meet the requirements for us to be treated as a partnership for federal income tax purposes. Any such modifications could cause us to change our business activities or change the character or treatment of portions of our income. We are unable to predict whether or not such changes, if any, will ultimately occur. Any modifications to the federal income tax laws and interpretations thereof may or may not be applied retroactively. Any such changes at the federal level could materially and adversely affect our ability to make payments on the notes. At the state level, because of widespread state budget deficits and for other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. For example, from 2008 through the end of 2011, partnerships operating in Michigan have been required to pay a business tax based on the percentage of gross income and business income apportioned to Michigan. If any state were to impose an additional tax on us, the cash we have available to make payments on the notes could be materially reduced.

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges for each of the periods indicated is as follows:

	Three Months Ended March 31, 2011	Year Ended December 31, 2010	2009(1)	2008(1)	2007(1)	2006(1)
Ratio of earnings to fixed charges	8.98x	6.40x	4.52x	4.34x	3.27x	3.11x

For purposes of determining the ratio of earnings to fixed charges, earnings are defined as pretax income or loss from continuing operations before earnings from unconsolidated affiliates, plus fixed charges, plus distributed earnings from unconsolidated affiliates, less capitalized interest. Fixed charges consist of interest incurred (whether expensed or capitalized), amortization of deferred loan costs and an estimate of the interest within rental expense.

(1) The acquisition of North Baja in 2009 was accounted for as a transaction between entities under common control similar to a pooling of interests, and the Partnership's historical financial information was recast to include North Baja for all periods presented. The ratios presented reflect the recast historical financial information.

USE OF PROCEEDS

We expect to receive approximately $346.4 million from the sale of notes offered hereby after deducting underwriting discounts and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering to repay $61.0 million we borrowed under the bridge loan facility and to repay approximately $110.4 million under the revolver and $175.0 million under the term loan portions of our credit facility.

After the closing of the Acquisition, total borrowings under the bridge loan facility were $61.0 million and are due and payable on May 2, 2012. The bridge loan bears interest based, at our election, on either the London interbank offered rate (LIBOR) or the base rate plus, in either case, an applicable margin. The base rate equals the highest of (i) SunTrust Bank's prime rate and (ii) 0.50% above the federal funds rate. Borrowings under the bridge loan were incurred to fund a portion of the purchase price of the Acquisition.

As of March 31, 2011 and after giving effect to the Acquisition, total borrowings under our credit facility were $600.0 million, of which $125.0 million were under the revolver portion of the credit facility and $475.0 million were outstanding borrowings under the term loan portion of the credit facility. As of March 31, 2011, the weighted average interest rate on our credit facility borrowings before hedging activities was 0.79% per annum. After hedging activities, the weighted average interest rate on our credit facility was 4.01% per annum. We expect to renew the credit facility prior to its maturity date of December 12, 2011. The outstanding borrowings under our credit facility were incurred primarily to fund acquisitions and for general partnership purposes.

Certain affiliates of the underwriters are lenders under our credit facilities and as such will receive a portion of the proceeds from this offering. See "Underwriting Conflicts of Interest."

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2011 on:

- an actual basis;

- a pro forma basis to give effect to (i) the sale by us of 7,245,000 common units in May 2011 and the capital contribution of approximately $6.7 million from our general partner to maintain its effective 2% general partner interest, (ii) the Acquisition, and (iii) the incurrence of $61.0 million[(1)] of debt under the bridge loan facility and $125.0 million of additional debt under our $250.0 million revolving credit facility we borrowed to pay a portion of the purchase price of the Acquisition; and

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(1) The actual amount borrowed was $61.0 million; however, on a pro forma basis, an additional $15 million would have been borrowed in order to avoid a negative cash flow.

- a pro forma as adjusted basis to reflect the application of $346.4 million of net proceeds of this offering to repay amounts borrowed under the bridge loan facility and the revolver and term loan portions of our credit facility.

This table should be read in conjunction with our financial statements and the notes to those financial statements that are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of March 31, 2011		
	Actual	Pro Forma	Pro Forma As Adjusted
		(unaudited)	
		(millions of U.S. dollars)	
Long-term debt:			
Current portion of long-term debt	$ 475.8	$ 676.3	$ 329.9
Long-term debt	30.1	30.1	30.1
Notes offered hereby			349.4
Total long-term debt	505.9	706.4	709.4
Partners' capital:			
General partner	23.6	27.6	27.6
Limited partners	1,108.7	1,308.6	1,308.6
Accumulated other comprehensive loss	(11.3)	(11.3)	(11.3)
Total partners' capital	1,121.0	1,324.9	1,324.9
Total capitalization	$ 1,626.9	$ 2,031.3	$ 2,034.3

DESCRIPTION OF NOTES

In this "Description of Notes," references to "us," "we" or "our" are to TC PipeLines, LP and not its subsidiaries or affiliates.

At the closing of this offering, we will enter into a base indenture between us and The Bank of New York Mellon, as trustee, pursuant to which we may issue multiple series of senior debt securities from time to time. We will issue the notes under such base indenture, as amended and supplemented by a supplemental indenture setting forth the specific terms of the notes. We refer to the base indenture, as amended and supplemented by the supplemental indenture, as the "indenture."

The following description of the particular terms of the notes supplements the general description of our senior debt securities included in the accompanying prospectus under the caption "Description of Debt Securities." The notes will be a separate series of senior debt securities. You should review this "Description of Notes" together with the "Description of Debt Securities" included in the accompanying prospectus. To the extent that this "Description of Notes" is inconsistent with the "Description of Debt Securities" in the accompanying prospectus, this "Description of Notes" will control and replace the inconsistent "Description of Debt Securities" in the accompanying prospectus.

We have summarized some of the material provisions of the notes and the indenture below. We also urge you to read the indenture because it, and not this "Description of Notes," defines your rights as a holder of notes. You may request copies of the base indenture and the supplemental indenture from us as set forth under "Where You Can Find More Information." Capitalized terms defined in the accompanying prospectus and the indenture have the same meanings when used in this prospectus supplement. The terms of the notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended.

Brief Description of the Notes

The notes:

- are our general unsecured obligations;
- rank equally in right of payment with all our other existing and future senior debt;
- rank senior in right of payment to all of our future subordinated debt;
- effectively rank junior to any of our existing and future secured debt, to the extent of the security for that debt;
- structurally rank junior to all debt and other liabilities of our subsidiaries; and
- are non-recourse to our general partner.

Assuming we had completed this offering on March 31, 2011 and giving effect to debt incurred to complete the Acquisition, we would have had approximately $329.9 million of indebtedness outstanding ranking equally in right of payment to the notes offered hereby. As of March 31, 2011, our subsidiaries had outstanding indebtedness of $30.9 million. See "Capitalization."

Principal, Maturity and Interest

We will issue notes initially in an aggregate principal amount of $350.0 million. The notes will be in denominations of $1,000 and integral multiples of $1,000 in excess thereof. The notes will mature on June 15, 2021. We may issue additional notes of this series from time to time, without the consent of the holders of the notes, in compliance with the terms of the indenture.

Interest on the notes will:

- accrue at the rate of 4.65% per annum;
- accrue from June 17, 2011 or the most recent interest payment date;
- be payable in cash semi-annually in arrears on each June 15 and December 15, commencing on December 15, 2011;
- be payable to the holders of record on June 1 and December 1 immediately preceding the related interest payment date;
- be computed on the basis of a 360-day year comprised of twelve 30-day months; and
- be payable, to the extent lawful, on overdue interest to the extent permitted by law at the same rate as interest is payable on principal.

If any interest payment date, maturity date or redemption date falls on a day that is not a business day, the payment will be made on the next business day (without the accrual of any additional interest with respect to that payment during the interval between the date payment was due and the business day when payment was made) with the same force and effect as if made on the relevant interest payment date, maturity date or redemption date. Unless we default on a payment, no interest will accrue during the period from and after the maturity date or redemption date.

Payment and Transfer

Initially, the notes will be issued only in global form. Beneficial interests in notes in global form will be shown on, and transfers of interests in notes in global form will be made only through, records maintained by the depositary and its participants. Notes in definitive form, if any, may be registered, exchanged or transferred at the office or agency maintained by us for such purpose (which initially will be the corporate trust office of the trustee located at The Bank of New York Mellon, 101 Barclay Street, Floor 4-E, New York, New York 10286, Attention: International Corporate Trust). Payment of principal, or premium, if any, and interest on notes in global form registered in the name of or held by the depositary or its nominee will be made in immediately available funds to the depositary or its nominee, as the case may be, as the registered holder of such global note. If any of the notes are no longer represented by global notes, all payments on such notes will be made at the corporate trust office of the trustee; however, any payment of interest on such notes may be made, at our option, by check mailed directly to registered holders at their registered addresses or, at the option of a registered holder, by wire transfer to an account designated in writing by the holder.

No service charge will be made for any registration of transfer or exchange of notes, but we or the trustee may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith. We are not required to transfer or exchange any note selected for redemption or any other note for a period of 15 days before any mailing of notice of notes to be redeemed nor between a record date and a payment date.

The registered holder of a note will be treated as the owner of it for all purposes.

Optional Redemption

The notes will be redeemable by us, in whole or in part, at any time prior to March 15, 2021 at a redemption price equal to the greater of:

- 100% of the principal amount of the notes then outstanding to be redeemed; or
- the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) from the redemption date to

the maturity date computed by discounting such payments to the redemption date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at a rate equal to the sum of 25 basis points plus the Adjusted Treasury Rate on the third business day prior to the redemption date;

plus, in each case, unpaid interest accrued to the date of redemption.

At any time on or after March 15, 2021, the notes will be redeemable by us, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes then outstanding to be redeemed, plus unpaid interest accrued to the date of redemption.

"*Adjusted Treasury Rate*" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"*Comparable Treasury Issue*" means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes or, if, in the reasonable judgment of the Independent Investment Banker, there is no such security, then the Comparable Treasury Issue will mean the U.S. Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity or maturities comparable to the remaining term of the notes.

"*Comparable Treasury Price*" means (1) the average of four Reference Treasury Dealer Quotations for the third business day prior to the applicable redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"*Independent Investment Banker*" means the Reference Treasury Dealer selected by us, and any successor firm, or if any such firm is unwilling or unable to serve as such, an independent investment and banking institution of national standing appointed by us.

"*Reference Treasury Dealer*" means each of J.P. Morgan Securities LLC, a primary U.S. governmental securities dealer (a "Primary Treasury Dealer") to be selected by SunTrust Robinson Humphrey, Inc., and two other Primary Treasury Dealers to be selected by us, and their respective successors; provided that if any of the foregoing ceases to be, and has no affiliate that is, a Primary Treasury Dealer, we will substitute for it another Primary Treasury Dealer.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Reference Treasury Dealer, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

The redemption price will be calculated by the Independent Investment Banker. If the Independent Investment Banker is unwilling or unable to make the calculation, we will appoint an independent investment banking institution of national standing to make the calculation.

We will mail or cause the trustee to mail notice of redemption at least 30 days but not more than 60 days before the applicable redemption date to each holder of the notes to be redeemed. Any notice to holders of notes of such redemption will include the appropriate calculation of the redemption price, but need not include the redemption price itself. The actual redemption price, calculated as provided above, will be set forth in an officer's certificate delivered to the trustee no later than two business days prior to the redemption date.

Upon the payment of the redemption price, plus accrued and unpaid interest, if any, to the date of redemption, interest will cease to accrue on and after the applicable redemption date on the notes or portions thereof called for redemption.

In the case of any partial redemption, selection of the notes for redemption will be made by the trustee on a pro rata basis, by lot or by such other method as the trustee in its sole discretion shall deem to be appropriate (or, in the case of notes in global form, by such method as the depositary may require).

Notes will only be redeemed in multiples of $1,000 in principal amount. If any note is to be redeemed in part only, the notice of redemption will state the portion of the principal amount to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued upon the cancellation of the original note.

No Sinking Fund

We are not required to make mandatory redemption or sinking fund payments with respect to the notes.

Certain Covenants

Except to the extent described below, the indenture does not limit the amount of indebtedness or other obligations that we may incur. The indenture contains three principal negative covenants:

- *Limitation on Liens.* This covenant limits our ability, and that of our principal subsidiaries, to permit liens to exist on our principal property to secure debt;

- *Limitations of Sale-Leaseback Transactions.* This covenant limits our ability, and that of our principal subsidiaries, to sell or transfer our principal property and then lease back such principal property; and

- *Limitation on Consolidation, Merger or Asset Sale.* This covenant limits our ability to consolidate with, merge with or into or sell, lease or transfer our properties and assets as, or substantially as, an entirety, to another person or entity.

For a detailed description of these three principal negative covenants, please read "Description of Debt Securities Provisions Only in the Senior Indenture" beginning on page 9 of the accompanying prospectus.

Discharging, Legal Defeasance and Covenant Defeasance

Subject to the exceptions, and subject to compliance with the applicable requirements, set forth in the indenture, we may discharge our obligations under the indenture with respect to the notes as described under "Description of Debt Securities Discharging Our Obligations" in the accompanying prospectus.

Concerning the Trustee

The Bank of New York Mellon is the trustee under the indenture and has been appointed by us as registrar and paying agent with regard to the notes.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

This section is a discussion of the material U.S. federal income tax consequences that may be relevant to prospective holders of the notes. This section is based upon the current provisions of the Internal Revenue Code of 1986, as amended (Code), existing and proposed Treasury Regulations, current administrative rulings, and court decisions, all of which are subject to change, possibly with retroactive effect, or are subject to different interpretations. Changes in these authorities, subsequent to the date of this prospectus supplement or retroactively applied, may cause the tax consequences to vary substantially from the consequences described below.

No ruling has been or will be requested from the IRS regarding any matter affecting us or prospective holders of the notes. We cannot assure you that the IRS will not challenge one or more of the tax consequences described below. Any contest of this sort with the IRS may materially and adversely impact the market for the notes and the prices at which the notes trade. Furthermore, the tax treatment of an investment in the notes may be significantly modified by future legislative or administrative changes or court decisions. Any modification may or may not be retroactively applied.

The following discussion is limited to holders who purchase the notes in this offering and who hold the notes as capital assets (generally, property held for investment). This discussion does not address the tax considerations arising under the laws of any foreign, state, local or other jurisdiction and does not address the tax considerations arising under the U.S. federal estate tax or U.S. federal gift tax. In addition, this discussion does not address all tax considerations that may be important to a particular holder in light of the holder's circumstances, or to certain categories of investors that may be subject to special rules, such as:

- dealers in securities or currencies;
- traders in securities that have elected the mark-to-market method of accounting for their securities;
- U.S. holders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding notes as part of a hedge, straddle, conversion, constructive sale or other "synthetic security" or integrated transaction;
- U.S. expatriates and certain former citizens or long-term residents of the United States;
- banks, thrifts and other financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- persons subject to the alternative minimum tax;
- foreign entities treated as domestic corporations for U.S. federal income tax purposes;
- entities that are exempt from U.S. federal income tax; and

partnerships and other pass-through entities and holders of interests therein.

If a partnership (or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the notes, the tax treatment of a partner of the partnership generally will depend upon the status of the partner and the activities of the partnership, among other things. If you are a partner of a partnership acquiring the notes, you are urged to consult your own tax advisor about the U.S. federal income tax consequences of acquiring, holding and disposing of the notes.

INVESTORS CONSIDERING THE PURCHASE OF THE NOTES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE NOTES UNDER U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

In certain circumstances we may elect to pay amounts on the notes that are in excess of stated interest or principal on the notes. See "Description of the Notes Optional Redemption." We do not intend to treat the possibility of paying such additional amounts as causing the notes to be treated as contingent payment debt instruments. However, additional income will be recognized if any such additional payment is made. It is possible that the IRS may take a different position, in which case a holder might be required to accrue interest income at a higher rate than the stated interest rate and to treat as ordinary interest income some or all of the gain realized on the taxable disposition of a note. The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments. Investors should consult their own tax advisors regarding the possible application of the contingent payment debt instrument rules to the notes.

Tax Consequences to U.S. Holders

You are a "U.S. holder" for purposes of this discussion if you are a beneficial owner of a note and you are for U.S. federal income tax purposes:

- an individual who is a U.S. citizen or U.S. resident alien;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

Taxation of Interest

Interest on the notes generally will be taxable to you as ordinary income at the time it is paid or accrued in accordance with your regular method of accounting for U.S. federal income tax purposes.

A portion of the purchase price of the notes may be attributable to interest accrued prior to the date the notes are issued, which we refer to as the "pre-issuance accrued interest." You may treat the notes for U.S. federal income tax purposes as having been purchased for an amount that does not include any pre-issuance accrued interest. Under such treatment, the portion of the first stated interest payment equal to the pre-issuance accrued interest will be deemed to be a non-taxable return of such interest and accordingly the pre-issuance accrued interest will not be taxable as interest on the notes. However, in this event, your adjusted tax basis in the note will exclude the amount of pre-issuance accrued interest.

Disposition of the Notes

You will generally recognize capital gain or loss on the sale, redemption, exchange, retirement or other taxable disposition of a note. This gain or loss will equal the difference between the proceeds you receive (excluding any proceeds attributable to accrued but unpaid interest, which will be recognized as ordinary interest income to the extent you have not previously included such amounts in income) and your adjusted tax basis in the note. The proceeds you receive will include the amount of any cash and the fair market value of any other property received for the note. Your adjusted tax basis in the note will generally equal the amount you paid for the note, excluding any pre-issuance accrued interest. The gain or loss will be long-term capital gain or loss if you held the note for more than one year at the time of the sale, redemption, exchange, retirement or other taxable disposition. Long-term capital gains of individuals, estates and trusts generally are subject to a reduced rate of U.S. federal income tax. The deductibility of capital losses may be subject to limitation.

Information Reporting and Backup Withholding

Information reporting generally will apply to payments of principal and interest on, and the proceeds of the sale or other disposition (including a retirement or redemption) of, the notes held by you unless, in each case, you are a recipient that is exempt from such information reporting, such as a corporation. Backup withholding may apply to such payments unless you provide the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury, as well as certain other information. Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against your U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed your actual U.S. federal income tax liability and you timely provide the required information or appropriate claim form to the IRS.

Medicare Tax

For tax years beginning on or after January 1, 2013, an additional "Unearned Income Medicare Contribution" tax of 3.8% will be imposed upon the "net investment income" of certain taxpayers. This additional tax is applicable to holders of the notes that are individuals, estates, or trusts. An exemption applies for nonresident alien individuals and certain trusts devoted entirely to certain charitable purposes. In the case of individuals, the additional tax will only apply if such individual's modified adjusted gross income exceeds certain threshold amounts. The modified gross income thresholds for individuals are $250,000 in the case of joint returns or surviving spouses, $125,000 in the case of married individuals filing separate returns, or $200,000 in any other case. In the case of individuals, the amount of the tax is limited to 3.8% of the lesser of the individual's net investment income or the amount by which the individual's modified adjusted gross income exceeds the threshold. In general, a holder of the notes that is a trust or estate may be subject to this additional tax if such trust's or estate's adjusted gross income exceeds the amount at which the highest tax bracket applicable to estates and trusts begins. In the case of estates and trusts, the amount of the tax is limited to 3.8% of the lesser of undistributed net investment income or the amount by which adjusted gross income exceeds the amount at which the highest tax bracket applicable to estates and trusts begins. Prospective investors should consult their own tax advisors with respect to the impact to them of the Unearned Income Medicare Contribution tax.

Tax Consequences to Non-U.S. Holders

You are a "non-U.S. holder" for purposes of this discussion if you are a beneficial owner of notes and you are an individual, corporation, estate or trust and are not a U.S. holder (as defined above).

Taxation of Interest

Payments to you of interest on the notes generally will be exempt from U.S. federal income tax withholding under the "portfolio interest" exemption if you properly certify as to your foreign status as described below and:

- you do not own, actually or constructively, 10% or more of our capital or profits interests;

- you are not a "controlled foreign corporation" that is related to us (actually or constructively);
- you are not a bank whose receipt of interest on the notes is in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of your trade or business; and
- interest on the notes is not effectively connected with your conduct of a U.S. trade or business.

The portfolio interest exemption and several of the special rules for non-U.S. holders described below generally apply only if you appropriately certify as to your foreign status. You can generally meet this certification requirement by providing a properly executed IRS Form W-8BEN or appropriate substitute form to us, or our paying agent. If you hold the notes through a financial institution or other agent acting on your behalf, you may be required to provide appropriate certifications to the agent. Your agent will then generally be required to provide appropriate certifications to us or our paying agent, either directly or through other intermediaries. Special rules apply to foreign partnerships, estates and trusts, and in certain circumstances certifications as to foreign status of partners, trust owners or beneficiaries may have to be provided to us or our paying agent. In addition, special rules apply to qualified intermediaries that enter into withholding agreements with the IRS.

If you cannot satisfy the portfolio interest requirements described above, payments of interest made to you will be subject to U.S. federal withholding tax at a 30% rate, unless you provide us or our paying agent with a properly executed IRS Form W-8BEN claiming an exemption from (or a reduction of) withholding under the benefit of a tax treaty (in which case, you generally will be required to provide a U.S. taxpayer identification number), or the payments of interest are effectively connected with your conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, are treated as attributable to a permanent establishment maintained by you in the United States) and you meet the certification requirements described below. (See " Income or Gain Effectively Connected with a U.S. Trade or Business").

Disposition of Notes

As a non-U.S. holder, you generally will not be subject to U.S. federal income tax on any gain realized on the sale, redemption, exchange, retirement or other taxable disposition of a note unless:

- the gain is effectively connected with the conduct by you of a U.S. trade or business (and, if required by an applicable income tax treaty, is treated as attributable to a permanent establishment maintained by you in the United States); or
- you are an individual who has been present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are met.

If you are a non-U.S. holder described in the first bullet point above, you generally will be subject to U.S. federal income tax in the manner described under " Income or Gain Effectively Connected with a U.S. Trade or Business." If you are a non-U.S. holder described in the second bullet point above, you will be subject to a flat 30% U.S. federal income tax on the gain derived from the sale or other disposition, which may be offset by U.S. source capital losses.

Income or Gain Effectively Connected with a U.S. Trade or Business

If any interest on the notes or gain from the sale, redemption, exchange or other taxable disposition of the notes is effectively connected with a U.S. trade or business conducted by you (and, if required by an applicable income tax treaty, is treated as attributable to a permanent establishment maintained by you in the United States), then the income or gain will be subject to U.S. federal income tax at regular graduated income tax rates in generally the same manner as if you were a U.S. holder. Effectively connected interest income will not be subject to U.S. federal income tax withholding if you satisfy certain certification requirements by providing to us or our paying agent a properly executed IRS Form W-8ECI. If you are a corporation, that portion of your earnings and profits that is effectively connected with your U.S. trade or business may also be subject to a "branch profits tax" at a 30% rate, although an applicable income tax treaty may provide for a lower rate.

Information Reporting and Backup Withholding

Payments to you of interest on a note, and amounts withheld from such payments, if any, generally will be required to be reported to the IRS and to you.

U.S. backup withholding generally will not apply to payments to you of interest on a note if the certification requirements described in "Tax Consequences to Non-U.S. Holders Taxation of Interest" are met or you otherwise establish an exemption, provided that we do not have actual knowledge or reason to know that you are a United States person.

Payment of the proceeds of a disposition (including a retirement or redemption) of a note effected by the U.S. office of a U.S. or foreign broker will be subject to information reporting requirements and backup withholding unless you properly certify under penalties of perjury as to your foreign status and certain other conditions are met or you otherwise establish an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of the disposition of a note effected outside the United States by a foreign office of a broker. However, unless such broker has documentary evidence in its records that you are a non-U.S. holder and certain other conditions are met, or you otherwise establish an exemption, information reporting will apply to a payment of the proceeds of the disposition of a note effected outside the United States by such broker if it is:

- a United States person;
- a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States;
- a controlled foreign corporation for U.S. federal income tax purposes; or
- a foreign partnership that, at any time during its taxable year, has more than 50% of its income or capital interests owned by United States persons or is engaged in the conduct of a U.S. trade or business.

Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against your U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed your actual U.S. federal income tax liability and you timely provide the required information or appropriate claim form to the IRS.

Recent Legislation

For tax years beginning on or after January 1, 2013, an additional Unearned Income Medicare Contribution tax of 3.8% will be imposed upon the "net investment income" of certain non-U.S. holders. (See "Tax Consequences to U.S. Holders Medicare Tax").

Legislation enacted in 2010 will require U.S. federal withholding tax at a 30% rate for certain payments made to certain foreign persons after December 31, 2012 (in addition to any other withholding that may otherwise apply), unless specific information reporting or other compliance provisions are satisfied, or an exemption applies. No withholding is required from payments made with respect to obligations that are outstanding on March 18, 2012. However, if, after March 18, 2012, a significant modification is made to the notes, then this legislation may apply to payments with respect to the notes after such significant modification.

Prospective investors should consult their own tax advisors with respect to the tax consequences of the recent legislation described above.

THE PRECEDING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. WE URGE EACH PROSPECTIVE INVESTOR TO CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF THE NOTES, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

UNDERWRITING (CONFLICTS OF INTEREST)

Subject to the terms and conditions set forth in an underwriting agreement, dated the date of this prospectus supplement, between us and the underwriters named below, we have agreed to sell to each of the underwriters, and the underwriters have agreed, severally and not jointly, to purchase, the principal amount of the notes set forth opposite their respective names below:

Underwriter		Principal Amount
J.P. Morgan Securities LLC	$	105,000,000
SunTrust Robinson Humphrey, Inc.		87,500,000
Deutsche Bank Securities Inc.		42,000,000
HSBC Securities (USA) Inc.		42,000,000
RBS Securities Inc.		42,000,000
Mitsubishi UFJ Securities (USA), Inc.		15,750,000
Mizuho Securities USA, Inc.		15,750,000
Total	$	350,000,000

The underwriting agreement provides that the obligations of the several underwriters to purchase the notes included in this offering are subject to approval of legal matters by counsel and to other conditions. Under the terms of the underwriting agreement, the underwriters are committed to purchase all of the notes if any are purchased.

Commissions and Discounts

The underwriters propose initially to offer the notes to the public at the public offering price set forth on the cover page of this prospectus supplement and may offer the notes to certain dealers at such price less a concession not in excess of 0.40% of the principal amount of the notes. The underwriters may allow a discount not in excess of 0.25% of the principal amount of the notes on sales to certain other brokers and dealers. After this initial public offering, the public offering price, concession and discount may be changed.

The following table summarizes the compensation to be paid by us to the underwriters.

	Per Note		Total
Underwriting discount paid by us	0.65%	$	2,275,000

We estimate that our share of the total expenses of the offering, excluding underwriting discounts will be approximately $750,000.

New Issue of Notes

We do not intend to apply for listing of the notes on a national securities exchange. We have been advised by the underwriters that the underwriters intend to make a market in the notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to whether or not a trading market for the notes will develop or as to the liquidity of any trading market for the notes which may develop.

Stabilization and Short Positions

In connection with the offering of the notes, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the underwriters may overallot in connection with the offering of the notes, creating a syndicate short position. In addition, the underwriters may bid for, and purchase, notes in the open market to cover syndicate short positions or to stabilize the price of the notes. Finally, the underwriting syndicate may reclaim selling concessions allowed for distributing the notes in the offering of the notes, if the syndicate repurchases previously distributed notes in syndicate covering transactions, stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the notes above independent market levels. The underwriters are not required to engage in any of these activities and may end any of them at any time. Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor the underwriters make any representation that the underwriters will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Conflicts of Interest

The underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, commercial banking and investment banking services for us and our affiliates, for which they received or will receive customary fees and expense reimbursement. Affiliates of J.P. Morgan Securities LLC, SunTrust Robinson Humphrey, Inc., Deutsche Bank Securities Inc., HSBC Securities (USA) Inc., RBS Securities, Inc., Mitsubishi UFJ Securities (USA), Inc. and Mizuho Securities USA, Inc. are lenders and/or agents under our 364-day bridge loan facility and/or our revolving credit and term loan facility. These affiliates may receive their respective share of any repayment by us of amounts outstanding under such credit facilities from the proceeds of this offering. Each of the underwriters whose affiliates will receive at least 5% of the net proceeds is considered by the Financial Industry Regulatory Authority, Inc. to have a conflict of interest with us in regards to this offering. However, the appointment of a qualified independent underwriter is not necessary in connection with the offering because the notes offered hereby are "investment grade rated" as defined in FINRA Rule 5121(f)(8).

Indemnification

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

LEGAL MATTERS

The validity of the notes will be passed upon for us by Orrick, Herrington & Sutcliffe LLP, San Francisco, California. Certain legal matters in connection with the notes offered hereby will be passed upon for the underwriters by Baker Botts L.L.P., Houston, Texas.

EXPERTS

The consolidated financial statements of TC PipeLines, LP and its subsidiaries as of December 31, 2010 and 2009 and for each of the years in the three-year period ended December 31, 2010 and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2010, have been incorporated by reference herein, in reliance upon the report of KPMG LLP, independent registered public accounting firm, also incorporated by reference herein and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Great Lakes Gas Transmission Limited Partnership and subsidiary as of December 31, 2010 and 2009 and for each of the years in the three-year period ended December 31, 2010, have been incorporated by reference herein, in reliance upon the report of KPMG LLP, independent registered public accounting firm, also incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of Northern Border Pipeline Company as of December 31, 2010 and 2009 and for each of the years in the three-year period ended December 31, 2010, have been incorporated by reference herein, in reliance upon the report of KPMG LLP, independent registered public accounting firm, also incorporated by reference herein and upon the authority of said firm as experts in accounting and auditing.

The combined financial statements of Gas Transmission Northwest LLC (formerly Gas Transmission Northwest Corporation) and Bison Pipeline LLC as of December 31, 2010 and for the year ended December 31, 2010, have been incorporated by reference herein, in reliance upon the report of KPMG LLP, independent registered public accounting firm, also incorporated by reference herein and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement with the Securities and Exchange Commission, or SEC, under the Securities Act that registers the securities offered by this prospectus. The registration statement, including the attached exhibits, contains additional relevant information about us. The rules and regulations of the SEC allow us to omit some information included in the registration statement from this prospectus.

In addition, we file annual, quarterly and other reports and other information with the SEC. You may read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on their public reference room. Our SEC filings are also available at the SEC's web site at http://www.sec.gov. We also make available free of charge on our website, at http://www.tcpipelineslp.com, all materials that we file electronically with the SEC, including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 reports and amendments to these reports, as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the SEC.

The SEC allows us to "incorporate by reference" the information we have filed with the SEC. This means that we can disclose important information to you without actually including the specific information in this prospectus by referring you to another document filed separately with the SEC. The information incorporated by reference is an important part of this prospectus. Information that we file later with the SEC will automatically update and may replace information in this prospectus and information previously filed with the SEC.

We incorporate by reference the documents listed below that we have previously filed with the SEC. They contain important information about us and our financial condition.

- Our Annual Report on Form 10-K for the fiscal year ended December 31, 2010;
- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011;
- Our Current Reports on Form 8-K filed on April 19, 2011, April 27, 2011, April 29, 2011, May 5, 2011, May 25, 2011 and June 14, 2011; and
- Our Current Report on Form 8-K/A filed on June 13, 2011.

We also incorporate by reference additional documents that we may file with the SEC (other than information deemed to be "furnished" and not "filed" under SEC guidelines) until all of the securities offered by this prospectus supplement have been sold. These documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

You may obtain any of the documents incorporated by reference in this document through us or from the SEC through the SEC's website at the address provided above. Documents incorporated by reference are available from us without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference in this document, by requesting them in writing or by telephone from us at the following address:

TC PipeLines, LP
13710 FNB Parkway, Suite 300
Omaha, Nebraska 68154-5200
Attn: Secretary
Toll Free: (877) 290-2772

PROSPECTUS

TC PipeLines, LP

Common Units
Debt Securities

We may in one or more offerings offer and sell common units representing limited partner interests of TC PipeLines, LP and debt securities. We will offer the securities in amounts, at prices and on terms to be determined by market conditions at the time of our offerings. This prospectus describes the general terms of these securities. The specific terms of any securities and the specific manner in which we will offer them will be included in a supplement to this prospectus relating to that offering. The prospectus supplement may also add, update or change information contained in this prospectus.

You should read this prospectus and the applicable prospectus supplements carefully before you invest in any of our securities. This prospectus may not be used to consummate sales of our securities unless it is accompanied by a prospectus supplement.

Our common units are quoted for trading on The NASDAQ Global Select Market under the symbol "TCLP."

Investing in our common units and debt securities involves risks. Limited partnerships are inherently different from corporations. See "Risk Factors" beginning on page 6 to read about important risks that you should consider before buying our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is June 14, 2011

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You should rely only on the information contained or incorporated by reference in this prospectus and in any applicable prospectus supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor any underwriter, dealer or agent will make an offer to sell the securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus and any applicable prospectus supplement is accurate only as of the dates on their covers. Our business, financial condition, results of operations and prospects may have changed since those dates.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a "shelf" registration process. Under this shelf registration process, we may sell an indeterminate amount of the common units or debt securities described in this prospectus in one or more offerings.

This prospectus provides you with only a general description of us and the common units and debt securities that we may offer. This prospectus does not contain all of the information set forth in the registration statement of which this prospectus is a part, as permitted by the rules and regulations of the SEC. For additional information regarding us and the offered securities, please refer to the registration statement of which this prospectus is a part. Each time we sell common units or debt securities with this prospectus, we will provide a prospectus supplement that contains specific information about the offering and the terms of the offered securities. The prospectus supplement also may add, delete, update or change information contained in this prospectus. You should rely only on the information in the applicable prospectus supplement if this prospectus and the applicable prospectus supplement are inconsistent. Before purchasing any securities, you should carefully read both this prospectus and the applicable prospectus supplement, together with the additional information described under the section of this prospectus titled "Where You Can Find More Information." In particular, you should carefully consider the risks and uncertainties described under the section titled "Risk Factors" or otherwise included in any applicable prospectus supplement or incorporated by reference in this prospectus before you decide whether to purchase the securities. These risks and uncertainties, together with those not known to us or those that we may deem immaterial, could impair our business and ultimately affect our ability to make payments on the securities.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-3 with the SEC under the Securities Act of 1933, as amended (the "Securities Act"), that registers the securities offered by this prospectus. The registration statement, including the attached exhibits, contains additional relevant information about us. The rules and regulations of the SEC allow us to omit some information included in the registration statement from this prospectus.

In addition, we file annual, quarterly and other reports and other information with the SEC. You may read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on their public reference room. Our SEC filings are also available at the SEC's web site at http://www.sec.gov. We also make available free of charge on our website, at http://www.tcpipelineslp.com, all materials that we file electronically with the SEC, including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 reports and amendments to these reports, as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the SEC.

The SEC allows us to "incorporate by reference" the information we have filed with the SEC. This means that we can disclose important information to you without actually including the specific information in this prospectus by referring you to another document filed separately with the SEC. The information incorporated by reference is an important part of this prospectus. Information that we file later with the SEC will automatically update and may replace information in this prospectus and information previously filed with the SEC.

We incorporate by reference into this prospectus the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), until the applicable offering under this prospectus and any prospectus supplement is terminated, in each case other than information furnished to the SEC under Item 2.02 or 7.01 of Form 8-K and that is not deemed filed under the Exchange Act and is not incorporated in this prospectus.

- Our Annual Report on Form 10-K for the fiscal year ended December 31, 2010;
- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011;
- Our Current Reports on Form 8-K filed on April 19, 2011, April 27, 2011, April 29, 2011, May 5, 2011, May 25, 2011 and June 14, 2011;
- Our Current Report on Form 8-K/A filed on June 13, 2011; and
- The description of our common units contained in our registration statement on Form 8-A/A, filed on November 12, 2009.

You may obtain any of the documents incorporated by reference in this document through us or from the SEC through the SEC's website at the address provided above. Documents incorporated by reference are available from us without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference in this document, by requesting them in writing or by telephone from us at the following address:

TC PipeLines, LP
13710 FNB Parkway, Suite 300
Omaha, Nebraska 68154-5200
Attn: Secretary
Toll Free: (877) 290-2772

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The statements in this prospectus, any accompanying prospectus supplement and the documents we have incorporated by reference that are not historical information, including statements concerning plans and objectives of management for future operations, economic performance or related assumptions, are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements may include words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "forecast" and other words and terms of similar meaning. The absence of these words, however, does not mean that the statements are not forward-looking.

These statements reflect our current views with respect to future events, based on what we believe are reasonable assumptions. Certain factors that could cause actual results to differ materially from those contemplated in the forward-looking statements include:

- the ability of Great Lakes Gas Transmission Limited Partnership ("Great Lakes"), Northern Border Pipeline Company ("Northern Border"), Gas Transmission Northwest LLC ("GTN") and Bison Pipeline LLC ("Bison") to continue to make distributions and North Baja Pipeline, LLC ("North Baja") and Tuscarora Gas Transmission Company ("Tuscarora") to continue to generate positive operating cash flows at their current levels;

- the impact of unsold capacity on Great Lakes and Northern Border being greater or less than expected;

- the competitive conditions in our industry and the ability of Great Lakes, Northern Border, GTN, Bison, North Baja and Tuscarora (collectively, "our pipeline systems") to market pipeline capacity on favorable terms, which is affected by, among other factors:

  - future demand for and prices of natural gas;

  - level of natural gas basis differentials;

  - competitive conditions in the overall natural gas and electricity markets;

  - availability and relative cost of supplies of Canadian and United States ("U.S.") natural gas, including the shale gas resources such as the Horn River and Montney deposits in Western Canada and the Bakken formation in the Midwestern U.S., along with U.S. Rockies, Mid-Continent and Marcellus natural gas developments;

  - competitive developments by U.S. and Canadian natural gas transmission companies;

  - the availability of additional storage capacity and current storage levels;

  - the level of liquefied natural gas imports;

  - weather conditions that impact supply and demand; and

  - the ability of shippers to meet credit worthiness requirements;

- the impact of current and future laws, rulings and governmental regulations, particularly Federal Energy Regulatory Commission (the "FERC") regulations and rate proceedings, including the FERC's actions, if any, on the Tuscarora complaint, and proposed and pending legislation by Congress and proposed and pending regulations by the

U.S. Environmental Protection Agency and other regulators in the U.S. on us and our pipeline systems;

the changes in relative cost structures of natural gas producing basins, such as changes in royalty programs, that may prejudice the development of the Western Canada Sedimentary Basin;

decisions by other pipeline companies to advance projects that will affect our pipeline systems;

- the regulatory, financing and construction risks related to construction of interstate natural gas pipelines and additional facilities;
- our ability and that of our pipeline systems to identify and/or consummate expansion projects and other accretive growth opportunities;
- the performance of contractual obligations by customers of our pipeline systems;
- the imposition of entity level taxation by states on partnerships;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- our ability to control operating costs, including the operations of our pipeline systems; and
- the general economic conditions in North America, which impact:
  - the debt and equity capital markets and our ability to access these markets at reasonable costs, including the refinancing of our senior revolving credit facility;
  - the overall demand for natural gas by end users; and
  - natural gas prices.

Other factors described elsewhere in this prospectus, any accompanying prospectus supplement and the documents we have incorporated by reference, or factors that are unknown or unpredictable, could also have material adverse effects on future results. Please also read "Risk Factors" in this prospectus and any accompanying prospectus supplement and "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and other SEC filings. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. These forward-looking statements and information are made only as of the date of this prospectus or the filing of the report in which they were included, and except as required by applicable law, we undertake no obligation to update these forward-looking statements and information to reflect new information, subsequent events or otherwise.

ABOUT TC PIPELINES, LP

We are a publicly traded Delaware limited partnership formed in 1998 by TransCanada PipeLines Limited to acquire, own and participate in the management of energy infrastructure businesses in North America. Our strategic focus is on delivering stable, sustainable cash distributions to our unitholders and finding opportunities to increase cash distributions while maintaining a low risk profile.

TC PipeLines, LP ("TC PipeLines") and its subsidiaries are collectively referred to herein as "the Partnership." In this report, references to "we," "us" or "our" refer to the Partnership. TransCanada PipeLines Limited is a wholly-owned subsidiary of TransCanada Corporation (which, together with its subsidiaries, is referred to as "TransCanada"). The Partnership's subsidiary limited partnerships, TC PipeLines Intermediate Limited Partnership, TC Tuscarora Intermediate Limited Partnership and TC GL Intermediate Limited Partnership, are collectively referred to herein as the "Intermediate Partnerships."

The general partner of the Partnership is TC PipeLines GP, Inc., a wholly-owned subsidiary of TransCanada.

To date, our investments have been in interstate natural gas pipeline systems that transport natural gas to a variety of markets in the United States, Eastern Canada and Mexico.

- We own a 46.45 per cent general partner interest in Great Lakes. The remaining 53.55 per cent interest in Great Lakes is held by TransCanada.

- We own a 50 per cent general partner interest in Northern Border. The other 50 per cent interest is held by ONEOK Partners, L.P., a publicly traded limited partnership that is controlled by ONEOK, Inc.

- We own a 25 per cent membership interest in GTN. The remaining 75 per cent interest is held by TransCanada.

- We own a 25 per cent membership interest in Bison. The remaining 75 per cent interest is held by TransCanada.

- We own 100 per cent of North Baja, which we acquired on July 1, 2009 from TransCanada.

- We own 100 per cent of Tuscarora.

TransCanada operates our pipeline systems. Great Lakes, Northern Border, GTN, Bison, Tuscarora and North Baja, together with any future subsidiaries owning pipeline systems, are collectively referred to herein as the "Operating Partnerships."

We believe our strong financial position, including available unused capacity on our credit facility, gives us the capacity to pursue opportunities to grow in a sustained and disciplined manner for the long-term benefit of our unitholders.

Our common units are traded on The NASDAQ Global Select Market under the symbol "TCLP."

As of June 14, 2011, we had 53,472,766 common units outstanding, of which 36,387,935 were held by the public, 11,287,725 were held by TransCan Northern Ltd. and 5,797,106 were held by the general partner, both of which are indirect wholly-owned subsidiaries of TransCanada. TransCanada, through its indirect ownership of our general partner, holds a 2% general partner interest in the Partnership. In addition to the distributions received as a common unitholder, the general partner also is entitled to receive incentive distributions if quarterly cash distributions on the common units exceed levels specified in our partnership agreement.

RISK FACTORS

Limited partner interests are inherently different from the capital stock of a corporation. An investment in our securities involves a high degree of risk. You should carefully consider all of the information contained in or incorporated by reference in this prospectus and other information that may be incorporated by reference in this prospectus or any prospectus supplement as provided under "Where You Can Find More Information," including those in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2010. This prospectus also contains forward-looking statements that involve risks and uncertainties. Please read "Cautionary Statement Regarding Forward-Looking Statements." Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors, including the risks described elsewhere in this prospectus or any prospectus supplement and in the documents incorporated by reference into this prospectus or any prospectus supplement. If any of these risks occur, our business, financial condition or results of operation could be adversely affected. In that case, the trading price of our common units or debt securities could decline and you could lose all or part of your investment.

USE OF PROCEEDS

Except as otherwise provided in the applicable prospectus supplement, we will use the net proceeds we receive from the sale of securities for general partnership purposes, which may include repayment of debt, capital expenditures, future acquisitions and working capital.

Any specific allocation of the net proceeds of an offering of securities to a specific purpose will be determined at the time of the offering and will be described in a prospectus supplement.

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges for each of the periods indicated is as follows:

Year Ended December 31,					Three Months Ended March 31,
2006(1)	**2007(1)**	**2008(1)**	**2009(1)**	**2010**	**2011**
3.11x	**3.27x**	**4.34x**	**4.52x**	**6.40x**	**8.98x**

For purposes of determining the ratio of earnings to fixed charges, earnings are defined as pretax income or loss from continuing operations before earnings from unconsolidated affiliates, plus fixed charges, plus distributed earnings from unconsolidated affiliates, less capitalized interest. Fixed charges consist of interest incurred (whether expensed or capitalized), amortization of deferred loan costs and an estimate of the interest within rental expense.

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(1) The acquisition of North Baja in 2009 was accounted for as a transaction between entities under common control similar to a pooling of interests, and the Partnership's historical financial information was recast to include North Baja for all periods presented. The ratios presented reflect the recast historical financial information.

DESCRIPTION OF COMMON UNITS

Number of Units

As of June 14, 2011, we had 53,472,766 common units outstanding, of which 36,387,935 were held by the public, 11,287,725 were held by TransCan Northern Ltd. and 5,797,106 were held by the general partner, both of which are indirect wholly-owned subsidiaries of TransCanada. TransCanada, through its indirect ownership of the Partnership's general partner, holds a 2% general partner interest in the Partnership.

The common units represent an aggregate 98% limited partner interest and the general partner interest represents an aggregate 2% general partner interest in the Partnership.

Under our partnership agreement, we may issue, without further unitholder action, an unlimited number of additional limited partner interests and other equity securities with such rights, preferences and privileges as may be established by the general partner in its sole discretion.

Distributions

We will make quarterly cash distributions to our partners comprising all of our Available Cash. Available Cash is defined in the partnership agreement and generally means, with respect to any quarter of the Partnership, all cash on hand at the end of such quarter less the amount of cash reserves that is necessary or appropriate in the reasonable discretion of the general partner to:

- provide for the proper conduct of our business (including reserves for future capital expenditures and for anticipated credit needs);
- comply with applicable laws or any of our debt instruments or agreements; or
- provide funds for cash distributions to unitholders and the general partner in respect of any one or more of the next four quarters.

We distribute Available Cash from our operations in the following manner:

- First, 98% to all units, pro rata, and 2% to the general partner, until each unitholder has received the first target distribution of $0.81 per common unit for that quarter;
- Second, 85% to all units, pro rata, and 15% to the general partner, until each unitholder has received the second target distribution of $0.88 for that quarter; and
- Thereafter, 75% to all units, pro rata, and 25% to the general partner.

Voting

Each holder of common units is entitled to one vote for each common unit on all matters submitted to a vote of the unitholders; provided that, if at any time any person or group (other than TransCanada and its affiliates) owns beneficially 20% or more of all common units, such common units so owned may not be voted on any matter and may not be considered to be outstanding when sending notices of a meeting of unitholders (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under our partnership agreement.

Listing

Our outstanding common units are listed on The NASDAQ Global Select Market under the symbol "TCLP." Any additional common units we issue will also be listed on NASDAQ.

Transfer Agent and Registrar

Our transfer agent and registrar for the common units is BNY Mellon Shareowner Services.

DESCRIPTION OF DEBT SECURITIES

In this "Description of Debt Securities," references to "TC PipeLines," "we," "us" or "our" are to TC PipeLines, LP and not its Subsidiaries or affiliates.

The following description sets forth the general terms and provisions that apply to the debt securities that we may offer. Each prospectus supplement will state the particular terms that will apply to the debt securities included in the supplement.

The debt securities will be:

- our direct general obligations;
- either senior debt securities or subordinated debt securities; and
- issued under separate indentures among us and the trustee named therein.

We do not have any debt securities outstanding at this time. In addition to the following summary, you should refer to the applicable provisions of the senior indenture and the subordinated indenture for more detailed information. A copy of the senior indenture is attached as an exhibit to a Form 8-K we filed on June 14, 2011. We filed a form of the subordinated indenture as an exhibit to the registration statement of which this prospectus is a part. The final subordinated indenture and the applicable supplemental indentures to the senior indenture and subordinated indenture will be filed as exhibits to a Current Report on Form 8-K in connection with a particular offering. You should read the indentures for provisions that may be important to you because the indentures, and not this description, govern your rights as a holder of debt securities.

Neither indenture limits the aggregate principal amount of debt securities that we may issue under that indenture. The debt securities may be issued in one or more series as we may authorize at various times.

All debt securities will be unsecured. The senior debt securities will have the same rank as all of our other unsecured and unsubordinated debt. The subordinated debt securities will be subordinated to senior indebtedness as described under "Provisions Only in the Subordinated Indenture Subordinated Debt Securities Subordinated to Senior Debt" below.

Specific Terms of Each Series of Debt Securities in the Prospectus Supplement

We will prepare a prospectus supplement and a supplemental indenture or authorizing resolutions relating to any series of debt securities being offered, which will include specific terms relating to such debt securities. These terms will include some or all of the following:

- the form and title of the debt securities;
- the total principal amount of the debt securities;
- whether the debt securities are senior or subordinated debt securities;
- the currency or currencies in which principal and interest will be paid;
- the prices at which we will issue the debt securities;
- the portion of the principal amount that will be payable if the maturity of the debt securities is accelerated;

any right we may have to defer payments of interest by extending the dates payments are due and whether interest on those deferred amounts will be payable as well;

the dates on which the principal of the debt securities will be payable;

- the interest rate that the debt securities will bear and the interest payment dates for the debt securities;
- any conversion or exchange provisions;
- any optional redemption provisions;
- any sinking fund or other provisions that would obligate us to repurchase or otherwise redeem the debt securities;
- any changes to or additional events of default or covenants;
- the subordination, if any, of the debt securities and any changes to the subordination provisions of the subordinated indenture; and
- any other terms of the debt securities.

Provisions Only in the Senior Indenture

The senior debt securities will rank equally in right of payment with all of our other senior and unsubordinated Debt and senior in right of payment to any of our subordinated Debt (including the subordinated debt securities). The senior indenture contains restrictive covenants, including provisions that:

- limit our ability and our Principal Subsidiaries' ability to create liens on any of our Principal Property; and
- limit our ability and our Principal Subsidiaries' ability to sell and lease back any Principal Property.

We have described below these provisions and some of the defined terms used in them.

The subordinated debt securities issued under the subordinated indenture may be subject to similar provisions, as we will specify in the applicable prospectus supplement.

Limitation on Liens

The senior indenture provides that, so long as any senior debt securities issued thereunder are outstanding, we will not, nor will we permit any Principal Subsidiary to, create, assume, incur or suffer to exist any Lien upon any Principal Property, or upon any equity interests of any Principal Subsidiary, whether such Principal Property is, or equity interests are, owned or leased on the date of the senior indenture or thereafter acquired, to secure any Debt of TC PipeLines or any other Person (other than all of the senior debt securities issued thereunder), without in any such case making effective provision whereby all of the senior debt securities outstanding thereunder shall be secured equally and ratably with, or prior to, such Debt so long as such Debt shall be so secured.

This restriction does not apply to:

(1) Permitted Liens (as defined below);

(2) any Lien upon any property or assets of TC PipeLines or any Principal Subsidiaries in existence on the date the senior debt securities of such series are first issued or created pursuant to an "after-acquired property" clause or similar term or arising thereafter pursuant to contractual commitments entered into prior to and existing on such date, including, without limitation, pursuant to our revolving credit and term loan agreement;

(3) any Lien upon any property or assets created at the time of acquisition of such property or assets by us or any Principal Subsidiary or within one year after such time to secure all or a portion of the purchase price for such property or assets or Debt incurred to finance such

purchase price, whether such Debt was incurred prior to, at the time of or within one year after the date of such acquisition;

(4) any Lien upon any property or assets existing thereon at the time of the acquisition thereof by TC PipeLines or any of its Principal Subsidiaries (regardless of whether the obligations secured thereby are assumed by TC PipeLines or any of its Subsidiaries); provided, however, that such Lien only encumbers the property or assets so acquired;

(5) any Lien upon any property or assets of a Person existing thereon at the time such Person becomes a Subsidiary by acquisition, merger or otherwise; provided, however, that such Lien only encumbers the property or assets of such Person at the time such Person becomes a Subsidiary;

(6) any Lien upon any property or assets to secure all or part of the cost of construction, development, repair or improvements thereon or to secure Debt incurred prior to, at the time of, or within one year after completion of such construction, development, repair or improvements or the commencement of full operations thereof (whichever is later), or to provide funds for any such purpose;

(7) any Lien imposed by law or order as a result of any proceeding before any court or regulatory body that is being contested in good faith, and Liens which secure a judgment or other court-ordered award or settlement as to which we or the applicable Principal Subsidiary has not exhausted its appellate rights;

(8) any Lien upon any additions, improvements, replacements, repairs, fixtures, appurtenances or component parts thereof attaching to or required to be attached to property or assets pursuant to the terms of any mortgage, pledge agreement, security agreement or other similar instrument, creating a Lien upon such property or assets permitted by clauses (1) through (7) above; or

(9) any extension, renewal, refinancing, refunding or replacement (or successive extensions, renewals, refinancing, refunding or replacements) of any Lien, in whole or in part, referred to in clauses (1) through (8) above, or of any Debt secured thereby; provided, however, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal, refinancing, refunding or replacement (plus in each case the aggregate amount of premiums, other payments, costs and expenses required to be paid or incurred in connection with such extension, renewal, refinancing, refunding or replacement); provided further, however, that such extension, renewal, refinancing, refunding or replacement shall be limited to all or a part of the property (including improvements, alterations and repairs on such property) subject to the encumbrance so extended, renewed, refinanced, refunded or replaced (plus improvements, alterations and repairs on such property).

Notwithstanding the foregoing, under the senior indenture, we may, and may permit any Principal Subsidiary to, create, assume, incur, or suffer to exist any Lien upon any Principal Property to secure Debt of TC PipeLines or any Person (other than all of the senior debt securities) that is not excepted by clauses (1) through (9), inclusive, above without securing the senior debt securities issued under the senior indenture, provided that the aggregate principal amount of all Debt then outstanding secured by such Lien and all similar Liens, together with all net sale proceeds from Sale-Leaseback Transactions (as defined below) (excluding Sale-Leaseback Transactions permitted by clauses (1), (2) and (4) of the first paragraph under "Restriction on Sale-Leasebacks" below) does not exceed 15% of Consolidated Net Tangible Assets (as defined below).

For purposes of making the calculation in the immediately preceding paragraph, with respect to any such secured Debt of a non-wholly-owned Subsidiary with no recourse to TC PipeLines or any wholly-owned Subsidiary thereof, only that portion of the aggregate principal amount of such secured Debt reflecting TC PipeLines's pro rata ownership interest in such non-wholly-owned Subsidiary shall be included in making such calculation.

"*Permitted Liens*" means:

- Liens upon rights-of-way for pipeline purposes;
- any statutory or governmental Lien or Lien arising by operation of law, or any mechanics', repairmen's, materialmen's, suppliers', carriers', landlords', warehousemen's or similar Lien incurred in the ordinary course of business which is not yet due or which is being contested in good faith by appropriate proceedings and any undetermined Lien which is incidental to construction, development, improvement or repair;
- the right reserved to, or vested in, any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to purchase or recapture, or to designate a purchaser of, any property;
- Liens of taxes and assessments which are (A) for the then current year, (B) not at the time delinquent, or (C) delinquent but the validity of which is being contested in good faith at the time by us or any Subsidiary;
- Liens arising under, or to secure performance of, leases, other than capital leases;
- any Lien upon, or deposits of, any assets in favor of any surety company or clerk of court for the purpose of obtaining indemnity or stay of judicial proceedings;
- any Lien upon property or assets acquired or sold by TC PipeLines or any Subsidiary resulting from the exercise of any rights arising out of defaults on receivables;
- any Lien incurred in the ordinary course of business in connection with worker's compensation, unemployment insurance, temporary disability, social security, retiree health or similar laws or regulations or to secure obligations imposed by statute or governmental regulations;
- any Lien in favor of TC PipeLines or any Subsidiary;
- any Lien in favor of the United States of America or any state thereof, or any department, agency or instrumentality or political subdivision of the United States of America or any state thereof, to secure partial, progress, advance, or other payments pursuant to any contract or statute, or any Debt incurred by TC PipeLines or any Subsidiary for the purpose of financing all or any part of the purchase price of, or the cost of constructing, developing, repairing or improving, the property or assets subject to such Lien;
- any Lien securing industrial development, pollution control or similar revenue bonds;
- any Lien securing Debt of TC PipeLines or any Subsidiary, all or a portion of the net proceeds of which are used, substantially concurrent with the funding thereof (and for purposes of determining such "substantial concurrence," taking into consideration, among other things, required notices to be given to holders of outstanding senior debt securities under the senior indenture in connection with such refunding, refinancing or repurchase, and the required corresponding durations thereof), to refinance, refund or repurchase all outstanding senior debt securities under the senior indenture, including the

amount of all accrued interest thereon and reasonable fees and expenses and premium, if any, incurred by TC PipeLines or any Subsidiary in connection therewith;

Liens in favor of any Person to secure obligations under the provisions of any letters of credit, bank guarantees, bonds or surety obligations required or requested by any governmental authority in connection with any contract or statute;

any Lien upon or deposits of any assets to secure performance of bids, trade contracts, leases or statutory obligations; or

any Lien to secure performance of hedging obligations of TC PipeLines or any Subsidiary.

Restrictions on Sale-Leasebacks

The senior indenture provides that, so long as any senior debt securities issued thereunder are outstanding, we will not, and will not permit any Principal Subsidiary to, engage in the sale or transfer by TC PipeLines or any Principal Subsidiary of any Principal Property to a Person (other than TC PipeLines or a Principal Subsidiary) and the taking back by TC PipeLines or any Principal Subsidiary, as the case may be, of a lease of such Principal Property (a "*Sale-Leaseback Transaction*"), unless:

(1) the Sale-Leaseback Transaction occurs within one year from the date of completion of the acquisition of the relevant Principal Property or the date of the completion of construction, development or substantial repair or improvement, or commencement of full operations on such Principal Property, whichever is later;

(2) the Sale-Leaseback Transaction involves a lease for a period, including renewals, of not more than three years;

(3) TC PipeLines or such Principal Subsidiary would be entitled to incur Debt secured by a Lien on the Principal Property subject to the Sale-Leaseback Transaction in a principal amount equal to or exceeding the net sale proceeds from such Sale-Leaseback Transaction without equally and ratably securing the senior debt securities issued under the senior indenture; or

(4) TC PipeLines or such Principal Subsidiary, within a 270-day period after such Sale-Leaseback Transaction, applies or causes to be applied an amount not less than the net sale proceeds from such Sale-Leaseback Transaction to (A) the prepayment, repayment, redemption, reduction or retirement of Pari Passu Debt of the Partnership or any of its Subsidiaries, or (B) the investment in another Principal Property.

Provisions Only in the Subordinated Indenture

Subordinated Debt Securities Subordinated to Senior Debt

The subordinated debt securities will rank junior in right of payment to all of our Senior Debt. "*Senior Debt*" is defined to include all notes or other evidences of indebtedness, including our guarantees for money we borrowed, not expressed to be subordinate or junior in right of payment to any other of our Debt.

Payment Blockages

The subordinated indenture may provide that no payment of principal, interest or any premium on the subordinated debt securities may be made in the event that we fail to pay when due any amounts on any Senior Debt and in other instances specified in the subordinated indenture.

No Limitation on Amount of Senior Debt

The subordinated indenture will not limit the amount of Senior Debt that we may incur.

Consolidation, Merger or Asset Sale

Pursuant to each indenture, we may not consolidate with or merge with or into any other entity or sell, lease or transfer our properties and assets as, or substantially as, an entirety to any entity, whether in a single transaction or a series of related transactions, unless:

(a) in the case of a merger, TC PipeLines is the surviving entity, or (b) the entity formed by such consolidation or into which TC PipeLines is merged or the entity that acquires by sale or transfer, or that leases, the properties and assets of TC PipeLines as, or substantially as, an entirety expressly assumes the due and punctual payment of the principal of and any premium and interest on all the debt securities under the applicable indenture and the performance or observance of every covenant of the applicable indenture on the part of TC PipeLines to be performed or observed and shall have expressly provided for conversion rights in respect of any series of outstanding securities with conversion rights;

the surviving entity or successor entity is an entity organized and existing under the laws of the United States of America, any State thereof or the District of Columbia;

immediately after giving effect to such transaction, no default or event of default shall have occurred and be continuing under the applicable indenture; and

TC PipeLines has delivered to the trustee an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance, sale, transfer or lease and such supplemental indenture required, if any, comply with the applicable indenture and that all conditions precedent herein provided for relating to such transaction have been complied with.

Reports

So long as any debt securities are outstanding, we will:

file with the trustee, within 15 days after it is required to file the same with the SEC, copies of the annual reports and the information, documents and other reports which it is required to file with the SEC pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act");

if we are not subject to the reporting requirements of the Exchange Act, file with the trustee, within 15 days after it would have been required to file the same with the SEC, financial statements, including any notes thereto (and with respect to annual reports, an auditors' report by a firm of established national reputation) and a "Management's Discussion and Analysis of Financial Condition and Results of Operations," both comparable to what it would have been required to file with the SEC had it been subject to the reporting requirements of the Exchange Act; and

if we are required to furnish annual or quarterly reports to our common unit holders pursuant to the Exchange Act, file such reports with the trustee and mail them to the holders of the debt securities.

The trustee shall not be deemed to have constructive knowledge of the content of reports and filings delivered or deemed delivered to it.

Modification of Indentures

We may modify or amend each indenture if the holders of a majority in principal amount of the outstanding debt securities of all series issued under the indenture affected by the modification or amendment consent to it. Without the consent of each outstanding debt security affected, however, no modification may:

- change the stated maturity of the principal of or any installment of principal of or interest on any debt security;
- reduce the principal amount of, the interest rate on or the premium payable upon redemption of any debt security;
- change the redemption date for any security;
- reduce the principal amount of an original issue discount debt security payable upon acceleration of maturity;
- change the place of payment where any debt security or any premium or interest on any debt security is payable;
- change the coin or currency in which any debt security or any premium or interest on any debt security is payable;
- impair the right to institute suit for the enforcement of any payment on any debt security;
- reduce the percentage in principal amount of outstanding debt securities of any series necessary to modify the indenture, to waive compliance with certain provisions of the indenture or to waive certain defaults and their consequences; or
- subject to certain exceptions, modify any of the above provisions and certain other provisions relating to the waiver of past defaults and waiver of certain covenants, other than modifications to increase the required consent percentage or to provide that certain other provisions may not be modified or waived without the consent of the holders of each outstanding debt security.

We may modify or amend the indenture without the consent of any holders of the debt securities in certain circumstances or for certain purposes, including:

- to provide for the assumption of our obligations under the indenture and the debt securities issued thereunder by a successor upon any merger, consolidation or asset transfer
- to add to the covenants such further covenants, restrictions, conditions or provisions (and if such covenants, restrictions, conditions or provisions are to be for the benefit of less than all series of debt securities issued thereunder, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power conferred under such indenture upon TC PipeLines and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an event of default; provided, that such modification or amendment may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an event of default or may limit the remedies available to the trustee upon such an event of default or may limit the right of the holders of a majority in principal amount of the outstanding debt securities of such series to waive such an event of default;
- to add any additional defaults or events of default in respect of all or any series of debt securities;

to change or eliminate any of the provisions of such indenture, provided that any such change or elimination shall become effective only when there are no outstanding debt securities of any series created prior to such modification or amendment which are entitled to the benefit of such provision;

- to secure the senior debt securities as described above under "Provisions Only in the Senior Indenture Limitations on Liens";
- to establish a new series of debt securities under the indenture or reopen any series of any debt securities under the indenture in accordance with the indenture;
- to evidence and provide for the acceptance of appointment by a successor trustee with respect to the debt securities of one or more series and to add to or change any of the provisions of the indenture as shall be necessary to facilitate the administration of the trusts by more than one trustee;
- to cure any ambiguity, to correct or supplement any provision in the indenture which may be inconsistent with any other provision of such indenture, to comply with any applicable mandatory provision of law or to make any other provisions with respect to matters or questions arising under such indenture which shall not adversely affect the interests of the holders of any debt securities of any series in any material respect; or
- to qualify the indenture under the Trust Indenture Act of 1939, as amended, and to add such other provisions as may be expressly required under such act.

The holders of a majority in principal amount of the outstanding debt securities of any series issued under either indenture may waive past defaults under the indenture and compliance by us with our covenants with respect to the debt securities of that series only. Those holders may not, however, waive any default in any payment on any debt security of that series or compliance with a provision that cannot be modified or amended without the consent of each holder affected.

Events of Default and Remedies

"Event of Default" when used in each indenture, means any of the following with respect to debt securities of any series:

- failure to pay the principal of or any premium on any debt security of that series when due;
- failure to pay interest on any debt security of that series for 30 days;
- failure to perform any other covenant or warranty in the indenture that continues for 60 days after being given written notice by the trustee or by the trustee and holders representing the required percentage of outstanding debt securities of that series;
- certain events of bankruptcy, insolvency or reorganization of TC PipeLines; or
- any other Event of Default with respect to debt securities of that series included in any indenture or supplemental indenture.

The subordination provisions of the subordinated indenture do not affect our obligation, which is absolute and unconditional, to pay, when due, the principal of and any premium and interest on the subordinated debt securities. In addition, such subordination provisions do not prevent the occurrence of any default under the subordinated indenture.

An Event of Default for a particular series of debt securities does not necessarily constitute an Event of Default for any other series of debt securities issued under an indenture. The trustee may withhold notice to the holders of debt securities of any default (except in the payment of principal or interest) if it considers such withholding of notice to be in the best interests of the holders.

If an Event of Default for any series of debt securities occurs and continues, the trustee or the holders of at least 25% in aggregate principal amount of the debt securities of the series may declare the entire principal of (or, if any of the debt securities of that series are original issue discount debt securities, the portion of the principal specified in the terms of those securities), and accrued but

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unpaid interest, if any, on all the debt securities of that series to be due and payable immediately. If this happens, subject to certain conditions, the holders of a majority of the aggregate principal amount of the debt securities of that series can rescind the declaration. If an event of default relating to certain events of bankruptcy, insolvency or reorganization occurs, the entire principal of all the outstanding debt securities shall be due and payable immediately without further action or notice.

Other than its duties in case of a default, a trustee is not obligated to exercise any of its rights or powers under either indenture at the request, order or direction of any holders, unless the holders offer the trustee indemnity satisfactory to the trustee in its sole discretion. If they provide this indemnification, the holders of a majority in principal amount of any series of debt securities may direct, subject to certain limitations, the time, method and place of conducting any proceeding or any remedy available to the trustee, or exercising any power conferred upon the trustee, for any series of debt securities.

Registration of Notes

We may issue debt securities of a series in registered or global form.

Minimum Denominations

Unless the prospectus supplement for each issuance of debt securities states otherwise, the securities will be issued in registered form in amounts of $1,000 each or multiples of $1,000.

No Personal Liability of General Partner

Unless otherwise stated in a prospectus supplement and supplemental indenture relating to a series of debt securities being offered, the General Partner and its directors, officers, employees and shareholders will not have any liability for our obligations under the indentures or the debt securities. Each holder of debt securities by accepting a debt security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the debt securities.

Payment and Transfer

Principal, interest and any premium on fully registered securities will be paid at designated places. Payment will be made by check mailed to the Persons in whose names the debt securities are registered on days specified in the indentures or any prospectus supplement. Debt securities payments in other forms will be paid at a place designated by us and specified in a prospectus supplement.

Fully registered securities may be transferred or exchanged at the corporate trust office of the Trustee or at any other office or agency maintained by us for such purposes, without the payment of any service charge except for any tax or governmental charge.

Form, Exchange, Registration and Transfer

Debt securities of any series will be exchangeable for other debt securities of the same series, the same total principal amount and the same terms but in different authorized denominations in accordance with the applicable indenture. Holders may present debt securities for registration of transfer at the office of the security registrar or any transfer agent we designate. The security registrar or transfer agent will effect the transfer or exchange when it is satisfied with the documents of title and identity of the Person making the request. We will not charge a service charge for any registration of transfer or exchange of the debt securities. We may, however, require the payment of any tax or other governmental charge payable for that registration.

We will appoint the trustee under each indenture as security registrar for the debt securities issued under that indenture. We are required to maintain an office or agency for transfers and exchanges in each place of payment. We may at any time designate additional transfer agents for any series of debt securities. In the case of any redemption in part, we will not be required:

- to issue, register the transfer of or exchange debt securities of a series either during a period beginning 15 business days prior to the selection of debt securities of that series for redemption and ending on the close of business on the day of mailing of the relevant notice of redemption; or

- to register the transfer of or exchange any debt security, or portion of any debt security, between the record date and the payment date, or any debt security or portion thereof called for redemption, except the unredeemed portion of any debt security we are redeeming in part.

Discharging Our Obligations

We may choose to either discharge our obligations on the debt securities of any series in a legal defeasance, or to release ourselves from our covenant restrictions on the debt securities of any series in a covenant defeasance. We may do so at any time on the 91st day after we deposit with the trustee sufficient cash or government securities to pay the principal, interest, any premium and any other sums due to the stated maturity date or a redemption date of the debt securities of the series. If we choose the legal defeasance option, the holders of the debt securities of the series will not be entitled to the benefits of the applicable indenture except for registration of transfer and exchange of debt securities, replacement of lost, stolen or mutilated debt securities, conversion or exchange of debt securities, sinking fund payments and receipt of principal and interest on the original stated due dates or specified redemption dates. We may discharge our obligations under the indentures or release ourselves from covenant restrictions only if we meet certain requirements. Among other things, we must deliver to the trustee an opinion of our legal counsel to the effect that holders of the series of debt securities will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, this opinion must be based on either a ruling received from or published by the IRS or change in federal income tax law. We may not have a default on the debt securities discharged on the date of deposit. The discharge may not violate any of our agreements. The discharge may not result in our becoming an investment company in violation of the Investment Company Act of 1940.

Book Entry, Delivery and Form

The debt securities of a series may be issued in whole or in part in the form of one or more global certificates that will be deposited with a depositary identified in a prospectus supplement.

Unless otherwise stated in any prospectus supplement, The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the debt securities. The debt securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered securities certificate will be issued for the debt securities, in the aggregate principal amount of the debt securities, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of debt securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the debt securities on DTC's records. The ownership interest of each actual purchaser of each debt security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the debt securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in debt securities, except in the event that use of the book-entry system for the debt securities is discontinued.

To facilitate subsequent transfers, all debt securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of debt securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the debt securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such debt securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the debt securities, such as redemptions, tenders, defaults, and proposed amendments to the debt security documents. For example, Beneficial Owners of debt securities may wish to ascertain that the nominee holding the debt securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the debt securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to debt securities unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Partnership as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the debt securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the debt securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Partnership or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with debt securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Partnership, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Partnership or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its debt securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such debt securities by causing the Direct Participant to transfer the Participant's interest in the debt securities, on DTC's records, to the Tender/Remarketing Agent. The requirement for physical delivery of debt securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the debt securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered securities to the Tender/Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the debt securities at any time by giving reasonable notice to the Partnership or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, securities certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, securities certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Partnership believes to be reliable, but the Partnership takes no responsibility for the accuracy thereof.

The Trustee

Resignation or Removal of Trustee

Under provisions of the indentures and the Trust Indenture Act of 1939, as amended, governing trustee conflicts of interest, any uncured Event of Default with respect to any series of senior debt securities will force the trustee to resign as trustee under either the subordinated indenture or the senior indenture. Also, any uncured Event of Default with respect to any series of subordinated debt securities will force the trustee to resign as trustee under either the senior indenture or the subordinated indenture. Any resignation will require the appointment of a successor trustee under the applicable indenture in accordance with the terms and conditions of such indenture. We may appoint a separate trustee for any series of debt securities. We use the term "trustee" to refer to the trustee appointed with respect to any such series of debt securities. We or the holders of a majority in aggregate principal amount of the debt securities of any series may remove the trustee with respect to the debt securities of such series in accordance with the terms and conditions of such indenture.

Limitations on Trustee if it is a Creditor of TC PipeLines

There are limitations on the right of the trustee under each indenture, in the event that it becomes a creditor of TC PipeLines, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise.

Annual Trustee Report to Holders of Debt Securities

The trustee is required to submit an annual report to the holders of the debt securities regarding, among other things, the trustee's eligibility to serve as such, the priority of the trustee's claims regarding certain advances made by it, and any action taken by the trustee materially affecting the debt securities.

Certificates and Opinions to be Furnished to Trustee

In addition to other certificates or opinions that may be specifically required by other provisions of an indenture, every application by us for action by the trustee shall be accompanied by a certificate of certain of our officers and an opinion of counsel (who may be our counsel) stating that, in the opinion of the signers, all conditions precedent to such action have been complied with by us.

Certain Definitions

"*Capital Interests*" means any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, including, without limitation, with respect to partnerships, partnership interests (whether general or limited) and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership.

"*Consolidated Net Tangible Assets*" means, at any date of determination, the total amount of assets after deducting therefrom:

- all current liabilities (excluding (A) any current liabilities that by their terms are extendable or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed, and (B) current maturities of long-term Debt), and

- the value (net of any applicable reserves) of all goodwill, trade names, trademarks, patents, unamortized Debt discount and expense and other like intangible assets,

all as set forth on the consolidated balance sheet of TC PipeLines and its consolidated subsidiaries for TC PipeLines' most recently completed fiscal quarter, prepared in accordance with GAAP.

"*Debt*" means any obligation created or assumed by any Person for the repayment of money borrowed, and any purchase money obligation created or assumed by such Person and any guarantee of the foregoing (without duplication).

"*GAAP*" means generally accepted accounting principles in the United States, as in effect from time to time.

"*General Partner*" means the Person serving as such under our partnership agreement, which, on the date hereof, is TC PipeLines GP, Inc., a Delaware corporation.

"*Lien*" means any mortgage, pledge, security interest, charge, lien or other encumbrance of any kind, whether or not filed, recorded and perfected under applicable law.

"*Pari Passu Debt*" means any Debt of TC PipeLines, whether outstanding on the date any securities are issued under the senior indenture or thereafter created, incurred or assumed, unless in the case of any particular Debt, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Debt shall be subordinated in right of payment to the senior debt securities.

"*Person*" means any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, other entity, unincorporated organization or government, or any agency or political subdivision thereof.

"*Principal Property*" means, whether currently owned or leased or subsequently acquired, any pipeline, gathering system, terminal, storage facility, processing plant or other plant or facility located in the United States of America or any territory or political subdivision thereof owned or leased by TC PipeLines or any of its Subsidiaries and used in transporting, distributing, terminalling, gathering, treating, processing, marketing or storing natural gas, natural gas liquids or other hydrocarbons, except (1) any property or asset consisting of inventories, furniture, office fixtures and equipment (including data processing equipment), vehicles and equipment used on, or useful with, vehicles (but excluding vehicles that generate transportation revenues) and (2) any such pipeline or other plant or facility that, in the good faith opinion of the board of directors of the General Partner as evidenced by resolutions of the board of directors of the General Partner, is not material in relation to the activities of TC PipeLines and its Subsidiaries, taken as a whole.

"*Principal Subsidiary*" means any of TC PipeLines's Subsidiaries that owns or leases, directly or indirectly, a Principal Property.

"*Subsidiary*" of any Person means (i) any partnership of which more than 50% of the Capital Interests (considering all partners' Capital Interests as a single class) is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or combination thereof, or (ii) any corporation, association or other business entity (other than a partnership) of which more than 50% of the total voting power of the Capital Interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, trustees or equivalent persons thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or combination thereof.

MATERIAL TAX CONSIDERATIONS

This section is a summary of material federal income tax considerations that may be relevant to an investment in our common units and, unless otherwise noted in the following discussion, expresses the opinion of Orrick, Herrington & Sutcliffe LLP, our tax counsel, insofar as it relates to matters of United States federal income tax law and legal conclusions with respect to those matters. This section is based upon current provisions of the Internal Revenue Code, existing and proposed regulations thereunder and current administrative rulings and court decisions, all of which are subject to change. Later changes in these authorities may cause the tax consequences to vary substantially from the consequences described below.

The following discussion does not address all federal income tax matters affecting us or the unitholders. Moreover, the discussion focuses on unitholders who are individual citizens or residents of the United States and has only limited application to corporations, partnerships, estates, trusts, non-resident aliens or other unitholders subject to specialized tax treatment, such as tax-exempt institutions, foreign persons, individual retirement accounts, real estate investment trusts or mutual funds. Accordingly, we recommend that you consult, and depend on, your own tax advisor in analyzing the federal, state, local and foreign tax consequences to you of an investment in our securities.

All statements as to matters of law and legal conclusions, but not as to factual matters, contained in this section, unless otherwise noted, are the opinion of counsel and are based on the accuracy of the representations we make.

No ruling has been or will be requested from the IRS regarding any matter affecting us or prospective unitholders. Instead, we will rely on the opinion of Orrick, Herrington & Sutcliffe LLP in this regard. Unlike a ruling, an opinion of counsel represents only that counsel's best legal judgment and does not bind the IRS or the courts. Accordingly, the opinions and statements made herein may not be sustained by a court if contested by the IRS. Any contest of this sort with the IRS may materially and adversely impact the market for the common units and the prices at which the common units trade. In addition, the costs of any contest with the IRS will be borne directly or indirectly by the unitholders and the general partner. Furthermore, the tax treatment of us, or of an investment in us, may be significantly modified by future legislative or administrative changes or court decisions. Any modifications may or may not be retroactively applied.

For the reasons described below, counsel has not rendered an opinion with respect to the following specific federal income tax issues:

- the treatment of a unitholder whose common units are loaned to a short seller to cover a short sale of common units (please read "Tax Consequences of Unit Ownership Treatment of Short Sales");

- whether our monthly convention for allocating taxable income and losses is permitted by existing Treasury Regulations (please read "Disposition of Common Units Allocations Between Transferors and Transferees"); and

- whether our method for depreciating Section 743 adjustments is sustainable in certain cases (please read "Tax Consequences of Unit Ownership Section 754 Election").

Partnership Status

A partnership is not a taxable entity and incurs no federal income tax liability. Instead, each partner of a partnership is required to take into account his allocable share of items of income, gain, loss and deduction of the partnership in computing his federal income tax liability, regardless of whether cash distributions are made to him by the partnership. Distributions by a partnership to a partner are generally not taxable unless the amount of cash distributed to a partner is in excess of the partner's adjusted tax basis in his partnership interest.

No ruling has been or will be sought from the IRS with respect to our classification as a partnership for federal income tax purposes or as to the classification as partnerships of the Intermediate Partnerships or the Operating Partnerships, whether our operations generate "qualifying income" under Section 7704 of the Internal Revenue Code or any other matter affecting us or prospective unitholders. Instead we have relied on the opinion of counsel that, based upon the Internal Revenue Code, Treasury Regulations, published revenue rulings and court decisions and representations described below, we, the Intermediate Partnerships and the Operating Partnerships will each be classified as a partnership for federal income tax purposes.

In rendering its opinion that we, the Intermediate Partnerships and the Operating Partnerships have been and will continue to be treated as partnerships for federal income tax purposes, Orrick, Herrington & Sutcliffe LLP has relied on the factual representations made by us and the general partner, including:

None of TC PipeLines or any of the Intermediate Partnerships or the Operating Partnerships has elected or will elect to be treated as an association or corporation, and none of the Intermediate Partnerships or the Operating Partnerships has ever been a publicly-traded partnership;

For each taxable year, more than 90% of our gross income has been and will be derived from the exploration, development, production, processing, refining, transportation or marketing of any mineral or natural resource, including oil, gas, its products and industrial source carbon dioxide, or other items of income as to which counsel has or will opine are "qualifying income" within the meaning of Section 7704(d) of the Internal Revenue Code; and

Neither we nor any Intermediate Partnership or Operating Partnership has engaged or will engage in any significant activity other than the transportation (within the meaning of Section 7704(d) of the Internal Revenue Code) of natural gas without first receiving an opinion of counsel to the effect that such activity will not cause TC PipeLines or any Intermediate Partnership or Operating Partnership to have income that is not qualifying income.

Section 7704 of the Internal Revenue Code provides that publicly-traded partnerships will, as a general rule, be taxed as corporations. However, an exception, referred to as the "qualifying income exception," exists with respect to publicly-traded partnerships of which 90% or more of the gross income for every taxable year consists of "qualifying income." Qualifying income includes income and gains derived from the transportation and marketing of natural gas. Other types of qualifying income include interest from other than a financial business, dividends, gains from the sale of real property, and gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income. We have satisfied the qualifying income test in each taxable year to date. We estimate that less than 4% of our current gross income is not qualifying income. The percentage of our gross income that constitutes qualifying income could change from time to time, but we project that the amount of non-qualifying gross income will not approach 10% of our gross income in any year. Based upon and subject to this estimate and projection, the factual representations made by us and the general partner and a review of the applicable legal authorities, counsel is of the opinion that at least 90% of our gross income constitutes qualifying income.

If we fail to meet the qualifying income exception, other than a failure that is determined by the IRS to be inadvertent and that is cured within a reasonable time after discovery, we will be treated as if we had transferred all of our assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which we fail to meet the qualifying income exception, in return for stock in that corporation, and then distributed that stock to the partners in liquidation of their interests in us. This contribution and liquidation should be tax-free to unitholders and TC PipeLines, so long as we, at that time, do not have liabilities in excess of the tax basis of our assets. Thereafter, we would be treated as a corporation for federal income tax purposes.

If any of TC PipeLines, an Intermediate Partnership or an Operating Partnership were treated as an association taxable as a corporation in any taxable year, its items of income, gain, loss and deduction would be reflected only on its tax return rather than being passed through to its equity holders, and its net income would be taxed to it at corporate rates. In addition, any distributions by the affected entity to its equity holders would be treated as either taxable dividend income, to the extent of its current or accumulated earnings and profits, or, in the absence of earnings and profits, as a nontaxable return of capital, to the extent of the holder's tax basis in its equity interest in the entity, or as taxable capital gain, after the holder's tax basis in the equity interest is reduced to zero. Accordingly, treatment of TC PipeLines or any of the Intermediate Partnerships or the Operating Partnerships as an association taxable as a corporation would result in a material reduction in a unitholder's cash flow and after-tax return and thus would likely result in a substantial reduction of the value of the common units.

The discussion below is based on Orrick, Herrington & Sutcliffe LLP's opinion that we, the Intermediate Partnerships and the Operating Partnerships will each be classified as a partnership for federal income tax purposes.

Limited Partner Status

Unitholders who have become limited partners of TC PipeLines will be treated as partners of TC PipeLines for federal income tax purposes. Assignees who have executed and delivered transfer applications and are awaiting admission as limited partners and unitholders whose common units are held in street name or by a nominee and who have the right to direct the nominee in the exercise of all substantive rights attendant to the ownership of their common units will also be treated as partners of TC PipeLines for federal income tax purposes. Because there is no direct or indirect controlling authority addressing assignees of common units who are entitled to execute and deliver transfer applications and thereby become entitled to direct the exercise of attendant rights, but who fail to execute and deliver transfer applications, counsel's opinion does not extend to these persons. Furthermore, a purchaser or other transferee of common units who does not execute and deliver a transfer application may not receive certain federal income tax information or reports furnished to record holders of common units unless the common units are held in a nominee or street name account and the nominee or broker has executed and delivered a transfer application for those common units.

A beneficial owner of common units whose common units have been transferred to a short seller to complete a short sale would appear to lose his status as a partner with respect to such common units for federal income tax purposes. Please read " Tax Consequences of Unit Ownership Treatment of Short Sales."

Income, gain, deductions or losses would not appear to be reportable by a unitholder who is not a partner for federal income tax purposes, and any cash distributions received by a unitholder who is not a partner for federal income tax purposes would therefore appear to be fully taxable as ordinary income. Such holders are urged to consult their own tax advisors with respect to their status as partners of TC PipeLines for federal income tax purposes.

Tax Consequences of Unit Ownership

Flow-Through of Taxable Income. We will not pay any federal income tax. Instead, each unitholder will be required to report on his income tax return his allocable share of our income, gains, losses and deductions without regard to whether we make cash distributions to him. Consequently, a unitholder may be allocated a share of our income even if he has not received a cash distribution. Each unitholder must include in income his allocable share of our income, gain, loss and deduction for our taxable year ending with or within his taxable year. Our taxable year ends on December 31.

Treatment of Distributions. Our distributions to a unitholder generally will not be taxable to the unitholder for federal income tax purposes to the extent of his tax basis in his common units immediately before the distribution. Our cash distributions in excess of a unitholder's tax basis generally will be considered to be gain from the sale or exchange of the common units, taxable in accordance with the rules described under " Disposition of Common Units" below. Any reduction in a unitholder's share of our liabilities for which no partner, including the general partner, bears the economic risk of loss, known as "non-recourse liabilities," will be treated as a distribution of cash to that unitholder. To the extent that our distributions cause a unitholder's "at risk" amount to be less than zero at the end of any taxable year, he must recapture any losses deducted in previous years. Please read " Limitations on the Deductibility of Our Losses."

A decrease in a unitholder's percentage interest in us because of our issuance of additional common units will decrease his share of our non-recourse liabilities, and thus will result in a corresponding deemed distribution of cash. A non-pro rata distribution of money or property may result in ordinary income to a unitholder, regardless of his tax basis in his common units, if the distribution reduces the unitholder's share of our "unrealized receivables," including depreciation recapture, and/or substantially appreciated "inventory items," both as defined in the Internal Revenue Code, and collectively, "Section 751 Assets." To that extent, the unitholder will be treated as having been distributed his proportionate share of the Section 751 Assets and then having exchanged those assets with us in return for the non-pro rata portion of the actual distribution made to him. This latter deemed exchange will generally result in the unitholder's realization of ordinary income which will equal the excess of the non-pro rata portion of the distribution over the unitholder's tax basis for the share of the Section 751 Assets deemed relinquished in the exchange.

Basis of Common Units. A unitholder will have an initial tax basis for his common units equal to the amount he paid for the common units plus his share of our non-recourse liabilities. That basis will be increased by his share of our income and by any increases in his share of our non-recourse liabilities. That basis will be decreased, but not below zero, by distributions from us, by his share of our losses, by any decreases in his share of our non-recourse liabilities and by his share of our expenditures that are not deductible in computing our taxable income and are not required to be capitalized. A unitholder will have no share of our debt that is recourse to our general partner, but will have a share, generally based on his share of profits, of our non-recourse liabilities.

Limitations on Deductibility of Our Losses. The deduction by a unitholder of his share of our losses will be limited to his tax basis in his common units and, in the case of an individual unitholder or a corporate unitholder who is subject to the "at risk" rules, to the amount for which the unitholder is considered to be "at risk" with respect to our activities, if that is less than the unitholder's tax basis. A unitholder must recapture losses deducted in previous years to the extent that our distributions cause the unitholder's at risk amount to be less than zero at the end of any taxable year. Losses disallowed to a unitholder or recaptured as a result of these limitations will carry forward and will be allowable as a deduction in the future to the extent that his at risk amount is subsequently increased, provided such losses do not exceed his tax basis in his common units. Upon the taxable disposition of a common unit, any gain recognized by a unitholder can be offset by losses that were previously suspended by the at risk limitation but may not be offset by losses suspended by the basis limitation. Any loss previously suspended by the at-risk limitations in excess of that gain would no longer be utilizable.

In general, a unitholder will be at risk to the extent of his tax basis in his common units, excluding any portion of that basis attributable to his share of our non-recourse liabilities, reduced by any amount of money the unitholder borrows to acquire or hold his common units if the lender of such borrowed funds owns an interest in us, is related to the unitholder or can look only to common units for repayment. A unitholder's at risk amount will increase or decrease as the tax basis of the unitholder's common units increases or decreases, other than tax basis increases or decreases attributable to increases or decreases in his share of our non-recourse liabilities.

In addition to the basis and at-risk limitations on the deductibility of losses, the passive loss limitations generally provide that individuals, estates, trusts and certain closely-held corporations and personal service corporations can deduct losses from passive activities, which are generally trade or business activities in which the taxpayer does not materially participate, only to the extent of the taxpayer's income from those passive activities. The passive loss limitations are applied separately with respect to each publicly-traded partnership. Consequently, any passive losses we generate will only be available to offset future income we generate and will not be available to offset income from other passive activities or investments, including other publicly-traded partnerships, or salary or active business income. Passive losses that are not deductible because they exceed a unitholder's share of our income may be deducted in full when he disposes of his entire investment in us in a fully taxable transaction to an unrelated party. The passive activity loss limitations are applied after other applicable limitations on deductions, including the at risk rules and the basis limitation.

A unitholder's share of our net income may be offset by any of our suspended passive losses we generate, but it may not be offset by any other current or carryover losses from other passive activities, including those attributable to other publicly-traded partnerships.

Limitations on Interest Deductions. The deductibility of a non-corporate taxpayer's "investment interest expense" is generally limited to the amount of that taxpayer's "net investment income." Investment interest expense includes:

- interest on indebtedness properly allocable to property held for investment;
- our interest expense attributed to portfolio income; and
- the portion of interest expense incurred to purchase or carry an interest in a passive activity to the extent attributable to portfolio income.

The computation of a unitholder's investment interest expense will take into account interest on any margin account borrowing or other loan incurred to purchase or carry a common unit. Net investment income includes gross income from property held for investment and amounts treated as portfolio income under the passive loss rules less deductible expenses, other than interest, directly connected with the production of investment income, but generally does not include gains attributable to the disposition of property held for investment. The IRS has indicated that net passive income earned by a publicly-traded partnership will be treated as investment income to unitholders. In addition, a unitholder's share of our portfolio income will be treated as investment income.

Allocation of Income, Gain, Loss and Deduction. In general, if we have a net profit, our items of income, gain, loss and deduction are allocated among the general partner and the unitholders in accordance with their respective percentage interests in us. At any time that incentive distributions are made to the general partner, gross income is allocated to the general partner to the extent of these distributions. If we have a net loss, that loss is generally allocated first, to our general partner and the unitholders in accordance with their respective percentage interests to the extent of their positive capital accounts, as maintained under the partnership agreement, and second, to our general partner.

Specified items of our income, deduction, gain and loss are allocated to account for the difference between the tax basis and fair market value of property contributed to us and to account for the difference between the tax basis and the fair market value of our property at the time of the offering of units in accordance with Section 704 of the Internal Revenue Code and the Treasury Regulations thereunder. The effect of these allocations to a unitholder purchasing common units in an offering, including the offering made pursuant to this prospectus, will be essentially the same as if the tax basis of our assets were equal to their fair market value at the time of purchase. In addition, items of recapture income are allocated to the extent possible to the partner who was allocated the deduction giving rise to the treatment of that gain as recapture income. Finally, although we do not expect that our operations will result in the creation of negative capital accounts to unitholders, if negative capital accounts nevertheless result, items of our income and gain will be allocated in an amount and manner sufficient to eliminate the negative balance as quickly as possible.

An allocation of items of our income, gain, loss or deduction, other than an allocation required by the Internal Revenue Code to eliminate the difference between a partner's "book" capital account and "tax" capital account, will generally be given effect for federal income tax purposes in determining a partner's share of an item of income, gain, loss or deduction only if the allocation has substantial economic effect. In any other case, a partner's share of an item will be determined on the basis of the partner's interest in us, which will be determined by taking into account all the facts and circumstances, including the partners' relative contributions to us, the interests of the partners in economic profits and losses, the interest of the partners in cash flow and other nonliquidating distributions and rights of the partners to distributions of capital upon liquidation. Orrick, Herrington & Sutcliffe LLP is of the opinion that, with the exception of the issues described in " Tax Consequences of Unit Ownership Section 754 Election" and " Disposition of Common Units Allocations Between Transferors and Transferees," the allocations under our partnership agreement will be given effect for federal income tax purposes in determining a partner's share of an item of income, gain, loss or deduction.

Entity-Level Collections. If we are required or elect under applicable law to pay any federal, state or local income tax on behalf of any unitholder or the general partner or any former unitholder, we are authorized to pay those taxes from our funds. That payment, if made, will be treated as a distribution of cash to the partner on whose behalf the payment was made. If the payment is made on behalf of a person whose identity cannot be determined, we are authorized to treat the payment as a distribution to current unitholders. We are authorized to amend our partnership agreement in the manner necessary to maintain uniformity of intrinsic tax characteristics of common units and to adjust subsequent distributions, so that after giving effect to these distributions, the priority and characterization of distributions otherwise applicable under our partnership agreement is maintained as nearly as is practicable. Payments by us as described above could give rise to an overpayment of tax on behalf of an individual partner in which event the partner would be required to file a claim in order to obtain a credit or refund.

Treatment of Short Sales. A unitholder whose common units are loaned to a "short seller" to cover a short sale of common units may be considered as having disposed of ownership of those common units. If so, he would no longer be treated for tax purposes as a partner with respect to those common units during the period of the loan and may recognize gain or loss from the disposition. As a result, during this period:

- any of our income, gain, deduction or loss with respect to those common units would not be reportable by the unitholder;
- any cash distributions received by the unitholder with respect to those common units would be fully taxable; and
- all of these distributions would appear to be treated as ordinary income.

Counsel has not rendered an opinion regarding the treatment of a unitholder whose common units are loaned to a short seller to cover a short sale of common units; therefore, unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to modify any applicable brokerage account agreements to prohibit their brokers from loaning their common units. The IRS has announced that it is actively studying issues relating to the tax treatment of short sales of partnership interests. Please also read " Disposition of Common Units Recognition of Gain or Loss."

Alternative Minimum Tax. Each unitholder will be required to take into account his distributive share of any of our items of income, gain, deduction or loss for purposes of the alternative minimum tax. Prospective unitholders are urged to consult with their tax advisors as to the impact of an investment in common units on their liability for the alternative minimum tax.

Section 754 Election. We have made the election permitted by Section 754 of the Internal Revenue Code. The election is irrevocable without the consent of the IRS. The election generally permits us to adjust a common unit purchaser's tax basis in our assets ("inside basis") under Section 743(b) of the Internal Revenue Code to reflect his purchase price. This election does not apply to a person who purchases units directly from us. The Section 743(b) adjustment belongs to the purchaser and not to other partners. For purposes of this discussion, a partner's inside basis in our assets will be considered to have two components: (1) his share of our tax basis in our assets ("common basis") and (2) his Section 743(b) adjustment to that basis.

Treasury Regulations under Section 743 of the Internal Revenue Code require a partnership that adopts the remedial allocation method (which we have adopted) to depreciate any portion of the Section 743(b) adjustment attributable to Section 704(c) built-in gain on recovery property under Section 168 of the Internal Revenue Code over the remaining recovery period for such Section 704(c) built-in gain. Treasury Regulations under Section 197 similarly require any portion of the Section 743(b) adjustment attributable to Section 704(c) built-in gain on amortizable Section 197 intangibles to be amortized over the remaining amortization period for such Section 704(c) built-in gain. Under Treasury Regulation Section 1.167(c)-1(a)(6), a Section 743(b) adjustment attributable to property subject to depreciation under Section 167 of the Internal Revenue Code rather than cost recovery deductions under Section 168 of the Internal Revenue Code is generally required to be depreciated using either the straight-line method or the 150% declining balance method. Under our partnership agreement, we have adopted a convention to preserve the uniformity of common units even if that convention is not consistent with specified Treasury Regulations. Please read " Uniformity of Common Units."

Although counsel is unable to opine as to the validity of this method because there is no direct or indirect controlling authority on this issue, we depreciate the portion of a Section 743(b) adjustment attributable to unrealized appreciation in the value of property contributed to us, to the extent of any unamortized Section 704(c) built-in gain, using a rate of depreciation or amortization derived from the depreciation or amortization method and useful life applied to the common basis of the property, or treat that portion as non-amortizable to the extent attributable to property the common basis of which is not amortizable. This method is consistent with the regulations under Section 743 but is arguably inconsistent with Treasury Regulation Section 1.167(c)-1(a)(6). To the extent this Section 743(b) adjustment is attributable to appreciation in value in excess of the unamortized Section 704(c) built-in gain, we will apply the rules described in the Treasury Regulations and legislative history. If we determine that this position cannot reasonably be taken, we may adopt a depreciation or amortization convention under which all purchasers acquiring common units in the same month would receive depreciation or amortization, whether attributable to common basis or Section 743(b) adjustment, based upon the same applicable rate as if they had purchased a direct interest in our assets. This kind of aggregate approach may result in lower annual depreciation or amortization deductions than would otherwise be allowable to specified unitholders. Please read " Uniformity of Common Units."

A Section 754 election is advantageous if the transferee's tax basis in his common units is higher than the common units' share of the aggregate tax basis of our assets immediately prior to the transfer. In that case, as a result of the election, the transferee would have a higher tax basis in his share of our assets for purposes of calculating, among other items, his depreciation and depletion deductions and his share of any gain or loss on a sale of our assets. Conversely, a Section 754 election is disadvantageous if the transferee's tax basis in his common units is lower than such common units' share of the aggregate tax basis of our assets immediately prior to the transfer. Thus, the fair market value of the common units may be affected either favorably or adversely by the election. A basis adjustment is required regardless of whether a Section 754 election is made in the case of a transfer of an interest in us if we have a substantial built-in loss immediately after the transfer, or if we distribute property and have a substantial basis reduction. Generally, a built-in loss or a basis reduction is substantial if it exceeds $250,000.

The calculations involved in the Section 754 election are complex and we will make them on the basis of assumptions as to the value of our assets and other matters. The allocation of the Section 743(b) adjustment must be made in accordance with the Internal Revenue Code. The IRS may seek to reallocate some or all of any Section 743(b) adjustment allocated by us to tangible assets to goodwill instead. Goodwill, as an intangible asset, is generally amortizable over a longer period of time or under a less accelerated method than our tangible assets. We cannot assure you that the determinations we make will not be successfully challenged by the IRS and the deductions resulting from them reduced or disallowed altogether. Should the IRS require a different basis adjustment to be made, and should, in our view, the expense of compliance exceed the benefit of the election, we may seek permission from the IRS to revoke our Section 754 election. If permission is granted, a subsequent purchaser of common units may be allocated more income than he would have been allocated had the election not been revoked.

Tax Treatment of Operations

Accounting Method and Taxable Year. We currently use the year ending December 31 as our taxable year and we have adopted the accrual method of accounting for federal income tax purposes. Each unitholder will be required to include in income his allocable share of our income, gain, loss and deduction for our taxable year ending within or with his taxable year. In addition, a unitholder who has a taxable year ending on a date other than December 31 and who disposes of all of his units following the close of our taxable year but before the close of his taxable year must include his allocable share of our income, gain, loss and deduction in income for his taxable year, with the result that he will be required to include in income for his taxable year his share of more than one year of our income, gain, loss and deduction. Please read " Disposition of Common Units Allocations Between Transferors and Transferees."

Tax Basis, Depreciation and Amortization. The adjusted tax basis of our assets will be used for purposes of computing depreciation and cost recovery deductions and, ultimately adjusted gain or loss on the disposition of these assets. The federal income tax burden associated with the difference between the fair market value of our assets and their tax basis immediately prior to any offering will be borne by the general partner and other unitholders as of that time. Please read " Tax Treatment of Unitholders Allocation of Income, Gain, Loss and Deduction."

To the extent allowable, we may elect to use the depreciation and cost recovery methods that will result in the largest deductions being taken in the early years after assets are placed in service. If we dispose of depreciable property by sale, foreclosure, or otherwise, all or a portion of any gain, determined by reference to the amount of depreciation previously deducted and the nature of the property, may be subject to the recapture rules and taxed as ordinary income rather than capital gain. Similarly, a unitholder who has taken cost recovery or depreciation deductions with respect to property we own may be required to recapture those deductions as ordinary income upon a sale of his interest in us. Please read " Tax Consequences of Unit Ownership Allocation of Income, Gain, Loss and Deduction" and " Disposition of Common Units Recognition of Gain or Loss."

The costs incurred in selling our common units (called "syndication expenses") must be capitalized and cannot be deducted currently, ratably or upon our termination. Uncertainties exist regarding the classification of costs as organization expenses, which may be amortized by us, and as syndication expenses, which may not be amortized. The underwriting discounts and commissions we incur are treated as syndication expenses.

Valuation and Tax Basis of Our Properties. The federal income tax consequences of the ownership and disposition of common units will depend in part on our estimates as to the relative fair market values, and determinations of the initial tax bases, of our assets. Although we may from time to time consult with professional appraisers with respect to valuation matters, we will make many of the relative fair market value estimates ourselves. These estimates and determinations of basis are subject to challenge and will not be binding on the IRS or the courts. If the estimates of fair market value or determinations of basis are later found to be incorrect, the character and amount of items of income, gain, loss or deductions previously reported by unitholders might change, and unitholders might be required to adjust their tax liability for prior years and incur interest and penalties with respect to these adjustments.

Disposition of Common Units

Recognition of Gain or Loss. A unitholder will recognize gain or loss on a sale of common units equal to the difference between the amount realized and the unitholder's tax basis for the common units sold. A unitholder's amount realized will be measured by the sum of the cash or the fair market value of other property received plus his share of our non-recourse liabilities. Because the amount realized includes a unitholder's share of our non-recourse liabilities, the gain recognized on the sale of common units could result in a tax liability in excess of any cash received from the sale.

Prior distributions from us in excess of cumulative net taxable income for a common unit that decreased a unitholder's tax basis in that common unit will, in effect, become taxable income if the common unit is sold at a price greater than the unitholder's tax basis in that common unit, even if the price is less than his original cost.

Except as noted below, gain or loss recognized by a unitholder, other than a "dealer" in common units, on the sale or exchange of a common unit will generally be taxable as capital gain or loss. Gain or loss recognized on the sale of common units held for more than 12 months will generally be taxed as long-term capital gain or loss. However, a portion of this gain or loss, which could be substantial, will be separately computed and taxed as ordinary income or loss under Section 751 of the Internal Revenue Code to the extent attributable to assets giving rise to "unrealized receivables" or to "inventory items" we own. The term "unrealized receivables" includes potential recapture items, including depreciation recapture. Ordinary income attributable to unrealized receivables, inventory items and depreciation recapture may exceed net taxable gain realized upon the sale of the common unit and may be recognized even if there is a net taxable loss realized on the sale of the common unit. Thus, a unitholder may recognize both ordinary income and a capital loss upon a disposition of common units. Net capital loss may offset no more than $3,000 of ordinary income in the case of individuals and may only be used to offset capital gain in the case of corporations.

The IRS has ruled that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis for all those interests. Upon a sale or other disposition of less than all of those interests, a portion of that tax basis must be allocated to the interests sold using an "equitable apportionment" method, which generally means that the tax basis allocated to the interest sold equals the amount that bears the same relation to the partner's tax basis in his entire interest in the partnership as the value of the interest sold bears to the value of the partner's entire interest in the partnership. Treasury Regulations under Section 1223 of the Internal Revenue Code allow a selling unitholder who can identify common units transferred with an ascertainable holding period to elect to use the actual holding period of the common units transferred. A unitholder electing to use the actual holding period of common units transferred must consistently use that identification method for all subsequent sales or exchanges of common units. A unitholder considering the purchase of additional common units or a sale of common units purchased in separate transactions is urged to consult with his tax advisor as to the possible consequences of the application of this ruling and the Treasury Regulations.

Specific provisions of the Internal Revenue Code affect the taxation of some financial products and securities, including partnership interests, by treating a taxpayer as having sold an "appreciated" partnership interest, one in which gain would be recognized if it were sold, assigned or terminated at its fair market value, if the taxpayer or a related person enters into a short sale, an offsetting notional principal contract or a futures or forward contract with respect to the partnership interest or substantially identical property.

Moreover, if a taxpayer has previously entered into a short sale, an offsetting notional principal contract or a futures or forward contract with respect to a partnership interest, the taxpayer will be treated as having sold that position if the taxpayer or a related person then acquires the partnership interest or substantially identical property. The Secretary of the Treasury is also authorized to issue regulations that treat a taxpayer that enters into transactions or positions that have substantially the same effect as the preceding transactions as having constructively sold the financial position.

Allocations Between Transferors and Transferees. In general, our taxable income and losses are determined annually, are prorated on a monthly basis and are subsequently apportioned among the unitholders in proportion to the number of common units owned by each of them as of the opening of the NASDAQ National Market on the first business day of the month (the "Allocation Date"). However, gain or loss realized on a sale or other disposition of our assets other than in the ordinary course of business is allocated among the unitholders on the Allocation Date in the month in which that gain or loss is recognized. As a result, a unitholder transferring common units in the open market may be allocated income, gain, loss and deduction accrued after the date of transfer.

The use of this method may not be permitted under existing Treasury Regulations. Accordingly, counsel is unable to opine on the validity of this method of allocating income and deductions between the transferors and the transferees of common units. If this method is not allowed under the Treasury Regulations, or only applies to transfers of less than all of the unitholder's interest, our taxable income or losses might be reallocated among the unitholders. We are authorized to revise our method of allocation between transferors and transferees, as well as among partners whose interests otherwise vary during a taxable period, to conform to a method permitted under future Treasury Regulations.

A unitholder who owns common units at any time during a quarter and who disposes of these common units prior to the record date set for a cash distribution with respect to that quarter will be allocated items of our income, gain, loss and deductions attributable to that quarter but will not be entitled to receive that cash distribution.

Notification Requirements. A unitholder who sells or exchanges common units is required to notify us in writing of that sale or exchange within 30 days after the sale or exchange (or, if earlier, January 15 of the year following the sale). A purchaser of units from another unitholder is also generally required to notify us in writing of that purchase within 30 days after the purchase. We are required to notify the IRS of that transaction and to furnish specified information to the transferor and transferee. However, these reporting requirements do not apply with respect to a sale by an individual who is a citizen of the United States and who effects the sale or exchange through a broker who will satisfy such requirements. Additionally, a transferee of a common unit will be required to furnish a statement to the IRS, filed with its income tax return for the taxable year in which the sale or exchange occurred, that sets forth the amount of the consideration paid for the common unit. Failure to satisfy these reporting obligations may lead to the imposition of substantial penalties.

Constructive Termination. We will be considered to have been terminated if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a 12-month period. Our termination would result in the closing of our taxable year for all unitholders. In the case of a unitholder reporting on a taxable year other than a fiscal year ending December 31, the closing of our taxable year may result in more than 12 months of our taxable income or loss being includable in his taxable income for the year of termination. We would be required to make new tax elections after a termination, including a new election under Section 754 of the Internal Revenue Code, and a termination could result in a deferral of our deductions for depreciation. A termination could also result in penalties if we were unable to determine that the termination had occurred. Moreover, a termination might either accelerate the application of, or subject us to, any tax legislation enacted before to the termination.

Uniformity of Common Units

Because we cannot match transferors and transferees of common units, we must maintain uniformity of the economic and tax characteristics of the common units to a purchaser of these common units. In the absence of uniformity, compliance with a number of federal income tax requirements, both statutory and regulatory, could be substantially diminished. A lack of uniformity can result from a literal application of Treasury Regulations dealing with Section 743 adjustments. Any non-uniformity could have a negative impact on the value of the common units. Please read " Tax Consequences of Unit Ownership Section 754 Election."

Consistent with the regulations under Section 743, we depreciate the portion of a Section 743(b) adjustment attributable to unrealized appreciation in the value of contributed property, to the extent of any unamortized Section 704(c) built-in gain, using a rate of depreciation or amortization derived from the depreciation or amortization method and useful life applied to the common basis of that property, or treat that portion as nonamortizable, to the extent attributable to property the common basis of which is not amortizable. This method is consistent with the regulations under Section 743, but is arguably inconsistent with Treasury Regulation Section 1.167(c)-1(a)(6), which is not expected to apply with respect to a material portion of our assets. To the extent that the Section 743(b) adjustment is attributable to appreciation in value in excess of the unamortized Section 704(c) built-in gain, we apply the rules described in the Treasury Regulations and legislative history. If we determine that this position cannot reasonably be taken, we may adopt a depreciation and amortization convention under which all purchasers acquiring common units in the same month would receive depreciation and amortization deductions, whether attributable to common basis or Section 743(b) adjustment, based upon the same applicable rate as if they had purchased a direct interest in our property. If this approach is adopted, it may result in lower annual depreciation and amortization deductions than would otherwise be allowable to some unitholders and risk the loss of depreciation and amortization deductions not taken in the year that these deductions are otherwise allowable. This approach will not be adopted if we determine that the loss of depreciation and amortization deductions will have a material adverse effect on the unitholders. If we choose not to utilize this aggregate method, we may use any other reasonable depreciation and amortization convention to preserve the uniformity of the intrinsic tax characteristics of any common units that would not have a material adverse effect on the unitholders. Counsel has not opined as to the validity of any of these positions. The IRS may challenge any method of depreciating the Section 743(b) adjustment described in this paragraph. If this type of challenge were sustained, the uniformity of common units might be affected, and the gain from the sale of common units might be increased without the benefit of additional deductions. Please read " Disposition of Common Units Recognition of Gain or Loss."

Tax-Exempt Organizations and Other Investors

Ownership of common units by employee benefit plans, other tax-exempt organizations, nonresident aliens and foreign corporations and other foreign persons raises issues unique to those investors and, as described below, may have substantially adverse tax consequences to them.

Employee benefit plans and most other organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, are subject to federal income tax on unrelated business taxable income. Virtually all of our taxable income allocated to a unitholder which is a tax-exempt organization will be unrelated business taxable income and will be taxable to that unitholder.

Non-resident aliens and foreign corporations, trusts or estates which hold common units will be considered to be engaged in business in the United States because of ownership of common units. As a consequence they will be required to file federal tax returns in respect of their share of our income, gain, loss or deduction and pay federal income tax at regular rates on any net income or gain. Generally, a partnership is required to pay a withholding tax on the portion of the partnership's income which is effectively connected with the conduct of a United States trade or business and which is allocable to the foreign partners, regardless of whether any actual distributions have been made to such partners. However, under rules applicable to publicly-traded partnerships, we will withhold at applicable rates on actual cash distributions made quarterly to foreign unitholders. Each foreign unitholder must obtain a taxpayer identification number from the IRS and submit that number to our transfer agent on an applicable Form W-8 (or other applicable form) in order to obtain credit for the taxes withheld. A change in applicable law may require us to change these procedures.

Because a foreign corporation which owns common units will be treated as engaged in a United States trade or business, that corporation may be subject to United States branch profits tax at a rate of 30%, in addition to regular federal income tax, on its allocable share of our income and gain, as adjusted for changes in the foreign corporation's "U.S. net equity," which is effectively connected with the conduct of a United States trade or business. An income tax treaty between the United States and the country in which the foreign corporate unitholder is a "qualified resident" may reduce or eliminate this tax. In addition, such a unitholder is subject to special information reporting requirements under Section 6038C of the Internal Revenue Code.

The IRS has ruled that a foreign partner who sells or otherwise disposes of an interest in a partnership will be subject to federal income tax on gain realized on the disposition of that partnership interest to the extent that the gain is deemed to be effectively connected with a United States trade or business of the foreign partner. Apart from this ruling, a foreign partner would not be taxed upon the disposition of a common unit if that foreign unitholder has held less than 5% in value of the common units during the five-year period ending on the date of the disposition and if the common units are regularly traded on an established securities market at the time of the disposition.

Administrative Matters

Information Returns and Audit Procedures. We intend to furnish to each unitholder, within 90 days after the close of each calendar year, specific tax information, including a Schedule K-1, which describes each unitholder's share of our income, gain, loss and deduction for our preceding taxable year. In preparing this information, which will generally not be reviewed by counsel, we will use various accounting and reporting conventions, some of which have been mentioned in the previous discussion, to determine the unitholder's share of income, gain, loss and deduction. Any of these conventions may not yield a result which conforms to the requirements of the Internal Revenue Code, Treasury Regulations or administrative interpretations of the IRS. Neither we nor counsel can assure prospective unitholders that the IRS will not successfully contend in court that those accounting and reporting conventions are impermissible. Any challenge by the IRS could negatively affect the value of the common units.

The IRS may audit our federal income tax information returns. Adjustments resulting from an audit of this kind may require each unitholder to adjust a prior year's tax liability, and possibly may result in an audit of the unitholder's own return. Any audit of a unitholder's return could result in adjustments not related to our returns as well as those related to our returns.

Partnerships generally are treated as separate entities for purposes of federal tax audits, judicial review of administrative adjustments by the IRS and tax settlement proceedings. The tax treatment of partnership items of income, gain, loss and deduction are determined in a partnership proceeding rather than in separate proceedings with the partners. The Internal Revenue Code provides for one partner to be designated as the "tax matters partner" for these purposes. Our partnership agreement appoints the general partner as our tax matters partner.

The tax matters partner will make some elections on our behalf and on behalf of the unitholders and can extend the statute of limitations for assessment of tax deficiencies against unitholders with respect to items in our returns. The tax matters partner may bind a unitholder with less than a 1% profits interest in us to a settlement with the IRS unless that unitholder elects, by filing a statement with the IRS, not to give that authority to the tax matters partner. The tax matters partner may seek judicial review, by which all the unitholders are bound, of a final partnership administrative adjustment and, if the tax matters partner fails to seek judicial review, judicial review may be sought by any unitholder having at least a 1% interest in our profits and by the unitholders having in the aggregate at least a 5% profits interest. However, only one action for judicial review will go forward, and each unitholder with an interest in the outcome may participate.

A unitholder must file a statement with the IRS identifying the treatment of any item on his federal income tax return that is not consistent with the treatment of the item on our return. Intentional or negligent disregard of the consistency requirement may subject a unitholder to substantial penalties.

Nominee Reporting. Persons who hold an interest in us as a nominee for another person are required to furnish to us:

- the name, address and taxpayer identification number of the beneficial owner and the nominee;
- whether the beneficial owner is
  - a person that is not a United States person,
  - a foreign government, an international organization or any wholly-owned agency or instrumentality of either of the foregoing, or
  - a tax-exempt entity;
- the amount and description of common units held, acquired or transferred for the beneficial owner; and
- specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales.

Brokers and financial institutions are required to furnish additional information, including whether they are United States persons and specific information on common units they acquire, hold or transfer for their own account. A penalty of $50 per failure, up to a maximum of $100,000 per calendar year, is imposed by the Internal Revenue Code for failure to report such information to us. The nominee is required to supply the beneficial owner of the common units with the information furnished to us.

Reportable Transactions. Treasury regulations require taxpayers to report certain information on IRS Form 8886 if they participate in a "reportable transaction." Unitholders may be required to file this form with the IRS if we participate in a "reportable transaction." A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a "listed transaction" or that it produces certain kinds of losses in excess of $2 million in any single tax year or $4 million in any combination of tax years. Each unitholder is urged to consult with his own tax advisor concerning the application of any of these factors to his ownership of common units. Our participation in a reportable transaction could increase the likelihood that our federal income tax return (and possibly a unitholder's tax return) would be audited by the IRS. Please read " Information Returns and Audit Procedures."

Moreover, if we were to participate in a reportable transaction with a significant purpose to avoid or evade tax, or in any listed transaction, a unitholder may be subject to the following provisions of the Code:

- accuracy-related penalties with a broader scope, significantly narrower exceptions, and potentially greater amounts than described below at " Accuracy-Related Penalties,"

- for those persons otherwise entitled to deduct interest on federal tax deficiencies, nondeductibility of interest on any resulting tax liability, and

- in the case of a listed transaction, an extended statute of limitations.

We do not expect to engage in any "reportable transactions."

Accuracy-Related Penalties. An additional tax equal to 20% of the amount of any portion of an underpayment of tax that is attributable to one or more specified causes, including negligence or disregard of rules or regulations, substantial understatements of income tax and substantial valuation misstatements, is imposed by the Internal Revenue Code. No penalty will be imposed, however, with respect to any portion of an underpayment if it is shown that there was a reasonable cause for that portion and that the taxpayer acted in good faith with respect to that portion.

For individuals, a substantial understatement of income tax in any taxable year exists if the amount of the understatement exceeds the greater of 10% of the tax required to be shown on the return for the taxable year or $5,000. The amount of any understatement subject to penalty generally is reduced if any portion is attributable to a position adopted on the return:

- for which there is, or was, "substantial authority;" or

- as to which there is a reasonable basis and the pertinent facts of such position are disclosed on the return.

If any item of our income, gain, loss or deduction included in the distributive shares of unitholders might result in that kind of "understatement" of income for which no "substantial authority" exists, we must disclose the pertinent facts on our return. In addition, we will make a reasonable effort to furnish sufficient information for unitholders to make adequate disclosure on their returns to avoid liability for this penalty. More stringent rules apply to "tax shelters," a term that in this context does not appear to include us.

A substantial valuation misstatement exists if the value of any property, or the adjusted basis of any property, claimed on a tax return is 150% or more of the amount determined to be the correct amount of such valuation or adjusted basis. No penalty is imposed unless the portion of the underpayment attributable to a substantial valuation misstatement exceeds $5,000 ($10,000 for most corporations). If the valuation claimed on a return is 200% or more than the correct valuation, the penalty imposed increases to 40%.

Legislative Developments

The recently enacted Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, will impose a 3.8% Medicare tax on net investment income earned by certain individuals, estates and trusts for taxable years beginning after December 31, 2012. For these purposes, net investment income generally includes a unitholder's allocable share of our income and gain realized by a unitholder from a sale of common units. In the case of an individual, the tax will be imposed on the lesser of (1) the unitholder's net investment income or (2) the amount by which the unitholder's modified adjusted gross income exceeds $250,000 (if the unitholder is married and filing jointly or a surviving spouse), $125,000 (if the unitholder is married and filing separately) or $200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (1) undistributed net investment income, or (2) the excess (if any) of the adjusted gross income of the estate or trust over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

State, Local and Other Tax Considerations

In addition to federal income taxes, a unitholder will be subject to other taxes, including state and local income taxes, unincorporated business taxes, and estate, inheritance or intangible taxes that may be imposed by the various jurisdictions in which he resides or in which we do business or own property. Although an analysis of those various taxes is not presented here, each prospective unitholder should consider their potential impact on his investment in us. A unitholder will be required to file state income tax returns and to pay state income taxes in some or all of the states in which we do business or own property and may be subject to penalties for failure to comply with those requirements. In some states, tax losses may not produce a tax benefit in the year incurred and also may not be available to offset income in subsequent taxable years. Some of the states may require us, or we may elect, to withhold a percentage of income from amounts to be distributed to a unitholder who is not a resident of the state. Withholding, the amount of which may be greater or less than a particular unitholder's income tax liability to the state, generally does not relieve the nonresident unitholder from the obligation to file an income tax return. Amounts withheld may be treated as if distributed to unitholders for purposes of determining the amounts distributed by us. Please read "Tax Consequences of Unit Ownership Entity-Level Collections."

It is the responsibility of each unitholder to investigate the legal and tax consequences under the laws of pertinent jurisdictions of his investment in us. Accordingly, we recommend that each prospective unitholder consult, and depend upon, his own tax counsel or other advisor with regard to those matters. Further, it is the responsibility of each unitholder to file all state and local, as well as U.S. federal and non-U.S., tax returns that may be required of him. Counsel has not rendered an opinion on the state or local tax consequences of an investment in us.

Tax Consequences of Ownership of Debt Securities

A description of the material federal income tax consequences of the ownership and disposition of debt securities will be included in the prospectus supplement relating to the offering of debt securities.

INVESTMENT IN TC PIPELINES, LP BY EMPLOYEE BENEFIT PLANS

An investment in us by an employee benefit plan is subject to additional considerations because the investments of such plans are subject to the fiduciary responsibility and prohibited transaction provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and restrictions imposed by Section 4975 of the Internal Revenue Code if such plans are subject to Title I of ERISA or Section 4975 of the Internal Revenue Code. As used herein, the term "employee benefit plan" or "plan" includes, but is not limited to, tax-qualified pension, profit-sharing and stock bonus plans, Keogh plans, simplified employee pension plans, and tax-deferred annuities or individual retirement accounts established or maintained by an employer or employee organization. Among other things, consideration should be given to:

- whether such investment is prudent under Section 404(a)(1)(B) of ERISA;
- whether in making such investment such plan will satisfy the diversification requirement of Section 404(a)(1)(C) of ERISA;
- the fact that such investment could result in recognition of unrelated business taxable income by such plan even if there is no net income and, if so, the potential after-tax return could be reduced;
- the effect of an imposition of income taxes on the potential investment return for an otherwise tax-exempt investor; and
- whether, as a result of the investment, such plan will be required to file an exempt organization business income tax return with the IRS.

The person with investment discretion with respect to the assets of an employee benefit plan should determine whether an investment in us is authorized by the appropriate governing instrument and is a prudent investment for such plan.

In addition, a fiduciary of an employee benefit plan should consider whether such plan will, by investing in us, be deemed to own an undivided interest in our assets. If so, the general partner also would be a fiduciary of such plan, and we would be subject to the regulatory restrictions of ERISA, including its prohibited transaction rules, as well as the prohibited transaction rules of the Internal Revenue Code.

Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit an employee benefit plan from engaging in transactions involving "plan assets" with parties that are "parties in interest" under ERISA or "disqualified persons" under the Internal Revenue Code with respect to the plan. These provisions also apply to individual retirement accounts which are not subject to Title I of ERISA. The U.S. Department of Labor issued final regulations on November 13, 1986 that provide guidance with respect to whether the assets of an entity in which employee benefit plans acquire equity interests would be deemed "plan assets." Pursuant to these regulations, an entity's assets would not be considered to be "plan assets" if, among other things,

(1) the equity interests acquired by employee benefit plans or other "benefit plan investors" (as defined in Section 3(42) of ERISA) are publicly offered securities, i.e., the equity interests are widely held by 100 or more investors independent of the issuer and each other, freely transferable and registered under the federal securities laws;

(2) the entity is an "operating company," i.e., it is primarily engaged in the production or sale of a product or service other than the investment of capital either directly or through a majority-owned subsidiary or subsidiaries; or

(3) there is no significant investment by benefit plan investors, which is defined to mean that less than 25% of the value of each class of equity interest is held by employee benefit plans

(as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, plans described in Section 4975(e)(1) of the Internal Revenue Code, and any entities whose underlying assets include "plan assets" by reason of a plan's investments in the entity.

Our assets would not be considered "plan assets" under these regulations because it is expected that the investment will satisfy the requirements in (1) above. Plan fiduciaries contemplating a purchase of common units should consult with their own counsel regarding the consequences under ERISA and the Internal Revenue Code in light of the serious penalties imposed on persons who engage in prohibited transactions or other violations.

PLAN OF DISTRIBUTION

We may sell the securities being offered hereby:

- directly to purchasers,
- through agents, or
- through underwriters or dealers.

We, or agents designated by us, may directly solicit, from time to time, offers to purchase the securities. Any such agent may be deemed to be an underwriter as that term is defined in the Securities Act. We will name the agents involved in the offer or sale of the securities and describe any commissions payable by us or to these agents in the prospectus supplement. Unless otherwise indicated in the prospectus supplement, these agents will be acting on a best efforts basis for the period of their appointment. The agents may be entitled under agreements which may be entered into with us to indemnification by us against specific civil liabilities, including liabilities under the Securities Act. The agents may also be our customers or may engage in transactions with or perform services for us in the ordinary course of business.

If we utilize any underwriters in the sale of the securities in respect of which this prospectus is delivered, we will enter into an underwriting agreement with those underwriters at the time of sale to them. We will set forth the names of these underwriters and the terms of the transaction in the prospectus supplement, which will be used by the underwriters to make resales of the securities in respect of which this prospectus is delivered to the public. The underwriters may be entitled, under the relevant underwriting agreement, to indemnification by us against specific liabilities, including liabilities under the Securities Act. The underwriters may also be our customers or may engage in transactions with or perform services for us in the ordinary course of business.

If we utilize a dealer in the sale of the securities in respect of which this prospectus is delivered, we will sell those securities to the dealer, as principal. The dealer may then resell those securities to the public at varying prices to be determined by the dealer at the time of resale. Dealers may be entitled to indemnification by us against specific liabilities, including liabilities under the Securities Act. The dealers may also be our customers or may engage in transactions with or perform services for us in the ordinary course of business.

We may engage one or more firms to act as our agent (the "Offering Agent") for one or more offerings, from time to time, of our common units. If we reach agreement with the Offering Agent with respect to a specific offering, including the number of common units and any minimum price below which sales may not be made, then the Offering Agent would agree to use its commercially reasonable efforts, consistent with its normal trading and sales practices, to try to sell such common units on the agreed terms. The Offering Agent could make sales in privately negotiated transactions and/or any other method permitted by law, including sales deemed to be an "at the market" offering as defined in Rule 415 promulgated under the Securities Act, including sales made to or through a market maker other than on an exchange. The Offering Agent will be deemed to be an "underwriter" within the meaning of the Securities Act, with respect to any sales effected through an "at the market" offering.

Common units and debt securities may also be sold directly by us. In this case, no underwriters or agents would be involved. We may use electronic media, including the Internet, to sell offered securities directly.

To the extent required, this prospectus may be amended or supplemented from time to time to describe a specific plan of distribution. The place and time of delivery for the securities in respect of which this prospectus is delivered are set forth in the accompanying prospectus supplement.

LEGAL MATTERS

Certain legal and tax matters in connection with the units will be passed upon by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, as our counsel.

EXPERTS

The consolidated financial statements of TC PipeLines, LP as of December 31, 2010 and 2009 and for each of the years in the three-year period ended December 31, 2010 and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2010, have been incorporated by reference herein, in reliance upon the report of KPMG LLP, independent registered public accounting firm, also incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Great Lakes Gas Transmission Limited Partnership and subsidiary as of December 31, 2010 and 2009 and for each of the years in the three-year period ended December 31, 2010, have been incorporated by reference herein, in reliance upon the report of KPMG LLP, independent registered public accounting firm, also incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of Northern Border Pipeline Company as of December 31, 2010 and 2009 and for each of the years in the three-year period ended December 31, 2010, have been incorporated by reference herein, in reliance upon the report of KPMG LLP, independent registered public accounting firm, also incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The combined financial statements of Gas Transmission Northwest LLC (formerly Gas Transmission Northwest Corporation) and Bison Pipeline LLC as of December 31, 2010 and for the year ended December 31, 2010, have been incorporated by reference herein, in reliance upon the report of KPMG LLP, independent registered public accounting firm, also incorporated by reference herein and upon the authority of said firm as experts in accounting and auditing.

$350,000,000

4.65% Senior Notes due 2021

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

J.P. Morgan **SunTrust Robinson Humphrey**

Senior Co-Managers

Deutsche Bank Securities **HSBC** **RBS**

Co-Managers

Mitsubishi UFJ Securities **Mizuho Securities**

June 14, 2011

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