



November 16, 2020

Conflicts Committee  
Board of Directors (the "Board") of TC Pipelines GP, Inc.  
700 Louisiana Street  
Suite 700  
Houston, Texas 77002

Dear Members of The Board and Members of the Conflicts Committee:

KORR Acquisitions Group, Inc., together with its affiliates including KORR Value, LP (collectively, "we", "us" or "KORR") currently holds a significant position in TC PipeLines LP ("TCP") and, while our position currently sits at under five percent of the total outstanding units, we believe our sentiments are reflective and aligned with the majority of your stakeholders. KORR is an investment management firm that invests in undervalued and underperforming public companies. Our approach to these investments is typically to engage constructively with management teams and/or the boards of directors in order to identify areas of improvement and strategies which can be implemented to unlock shareholder value for the benefit of all stakeholders. We believe that the common units of TCP currently trade at a significant discount to their intrinsic value. As such, TC Energy Corporation's (TSX: TRP) recent October 5, 2020 offer to acquire all of TCP's common units at an implied price of \$27.31 per unit falls distressingly short of a fair value for TCP's common units. Frankly, we believe an offer of \$27.31 is an insult to stakeholders who truly believe in the intrinsic value of TCP.

As previously mentioned by Steel City Capital in their open letter to the Board issued on October 7, 2020, TRP's implied price of \$27.31 per unit or 8.2x (EV/EBITDA), is far below similar "buy in" transactions where parent entities bought in their affiliated Master Limited Partnerships. A survey of similar "buy-ins" compiled by Barclays Equity Research in a report dated October 5, 2020 demonstrates that the average EBITDA multiplier applied in similar transactions is 11.2x.

On TCP's earnings conference call held on November 10, 2020, Nathaniel Brown, President and Chief Executive Officer of TCP, stated:

*"Customer demand for our services remained strong...reinforces the resilience and stability of our natural gas midstream business."*

*"The stability of our low-risk business model which is underpinned by long-term take-or-pay contracts and strong demand for our essential energy services, has provided the basis for our solid financial performance and our ability to maintain the distribution to our unitholders even in periods of economic stress and uncertainty."*

*"We also continue to advance our organic growth program..."*

*"During the third quarter, we also completed a sizable \$250 million financing at PNGTS...which will also provide the necessary capital for the remainder of its expansion program."*

*“Our liquidity position is likewise very strong.”*

S&P and Moody’s have also reaffirmed TCP’s strong credit rating.

Therefore, based upon TCP’s own statements and reaffirmation from two nationally-recognized rating agencies, TCP is not in distress, is growing organically, and remains on solid footing.

This brings us to the adequacy (or lack thereof) of TRP’s offer. Under every valuation method, TRP’s offer falls short. Note that not too long ago, TCP was trading over \$44.50 per unit.

Valuation Methods explored:	Offer XPrice	Fair X	Fair Price
Price/ Op Cash Flow:	4.75x	\$27.31	>7x > \$40
Price/ Free Cash Flow:	5.50x	\$27.31	>8x > \$40
EV/EBITDA:	8.40x	\$27.31	~11.2 > \$40

Share for Share Exchange based on two different EV/EBITDA multiples:

TCP 8.37  
TRP 10.7

As Mr. Brown informed us on the same earnings call above:

*“Given the general partner’s indirect wholly owned subsidiary TC Energy, a conflicts committee composed solely of independent directors of the TCP Board was formed to consider the offer pursuant to its processes. Independent financial and legal advisers have been retained by the conflicts committee to assist in their fairness determination.”*

Clearly there is a conflict, as noted. While TCP was correct in noting the conflict and establishing a conflicts committee, there was very little regard for the optics of the membership of such a committee, as it is comprised of individuals hand-selected by TRP to serve on the Board of TCP in the first place. Why not bring independent equity holders onto the conflicts committee or otherwise invite comment from TCP’s independent stakeholders to give TCP’s stakeholders a real voice in the negotiation and to ascertain whether or not the transaction is fair?

Furthermore, TCP’s Limited Partnership Agreement lays out a three prong approach for resolving conflicts of interest between the general partner of TCP and any of its affiliates, including TRP. The first prong is simply having the transaction that is the subject of a conflicts of interest approved by a conflicts committee. We have concerns of the ability of the conflicts committee to truly take into account the interests of all stakeholders when making their decision. The second and third prongs for resolutions of conflicts indicate that “any conflict of interest and any resolution of such conflict of interest shall be conclusively deemed fair and reasonable.... if such conflict of interest is... (ii) **on terms no less favorable to the Partnership [TCP] than those generally being provided to or available from unrelated third parties** or (iii) **fair to the Partnership**, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership).” We believe this means that the transaction must be “entirely fair.” **It is not.**

If the Board intends on going through with the proposed transaction, we reserve our rights to seek all legal remedies we have available to us to stop such a blatant disregard for fairness.

KORR Acquisitions Group and its affiliates will vote **against** TRP's current proposal and encourage all unit holders to do the same.

Sincerely,

Kenny Orr  
CEO and Chief Investment Officer