



TERASEN PIPELINES (CORRIDOR) INC.

Short Term Promissory Notes

INFORMATION MEMORANDUM

March 21, 2005

This Information Memorandum is not, and under no circumstances is to be construed as, an offer to sell or a solicitation of an offer to buy any of these Short Term Promissory Notes for sale directly or indirectly in the United States of America or in the territories and possessions thereof or to, or for the benefit of, any **“U.S. Person”** (as that term is defined in Regulation “S” under the *United States Securities Act of 1933*, as amended (the **“U.S. Securities Act”**) and for U.S. federal income tax purposes). These Short Term Promissory Notes have not and will not be registered under the U.S. Securities Act or any state securities laws and, accordingly, may not be offered, sold, resold, transferred, pledged or otherwise disposed of in the United States or to a U.S. Person, or otherwise to a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

This Information Memorandum does not in any way obligate Terasen Pipelines (Corridor) Inc. to accept an offer to purchase any of these Short Term Promissory Notes.

This Information Memorandum replaces the Information Memorandum of Terasen Pipelines (Corridor) Inc. dated January 15, 2004.

TERASEN PIPELINES (CORRIDOR) INC.

Terasen Pipelines (Corridor) Inc. (“**Corridor**”) was incorporated under the laws of Alberta on July 15, 1998 under the name Corridor Pipeline Limited. Corridor’s name was changed to Terasen Pipelines (Corridor) Inc. on January 16, 2003. Corridor is wholly-owned by Terasen Inc. The registered office of Corridor is located at 2700, 300 – 5th Avenue S.W., Calgary, Alberta, T2P 5J2.

Corridor’s primary business is the ownership and operation of the Corridor Pipeline System (“Corridor Pipeline System”) for the transportation of diluted bitumen from the Muskeg River Mine near Fort McMurray, Alberta to the Scotford Upgrader near Fort Saskatchewan, Alberta. The Muskeg River Mine and the Scotford Upgrader are owned by Shell Canada Limited, Chevron Canada Limited and Western Oil Sands L.P. (collectively, the “**Shippers**”). Construction and operation of the Corridor Pipeline System and the development and operation of the Muskeg River Mine and the Scotford Upgrader are all part of the Athabasca Oil Sands Project that has been undertaken by Corridor and the Shippers.

CORRIDOR COMMERCIAL PAPER PROGRAM

Corridor’s commercial paper program is designed to provide Corridor with an efficient and cost effective means of arranging part of the financing for the ownership and operation of the Corridor Pipeline System in a way that is attractive to investors.

Rated by: Dominion Bond Rating Service Limited: R-1 (low)

TERASEN PIPELINES (CORRIDOR) INC.

DESCRIPTION OF THE SHORT TERM PROMISSORY NOTES

Principal Amount

The aggregate principal amount of the Short Term Promissory Notes (the “**Notes**”) outstanding at any one time will not exceed Canadian \$225,000,000 (or the equivalent thereof in lawful money of the United States of America (“**United States Dollars**”)).

Form of Notes

The Notes will be issued in negotiable form, payable to either bearer or to the order of a holder thereof, and will be interest bearing or issued at a discount to the principal amounts owing at their maturity. A specimen form of the Notes payable in Canadian dollars is included in this Information Memorandum. This form would be modified if the currency of issue is United States Dollars.

At Corridor’s option the Notes will be issued in “book entry only” form (the “**Book Entry Notes**”), in which case, the Notes must be purchased or transferred through participants (“**Participants**”) in The Canadian Depository for Securities Limited (“**CDS**”) debt clearing services. Those Participants include securities brokers and dealers, banks and trust companies. Indirect access to the CDS book entry system is also available to other institutions (“**Indirect Participants**”) that maintain custodial relationships with a Participant, either directly or indirectly.

Corridor will cause Book Entry Notes to be delivered to, and registered in the name of, CDS or its nominee. Each purchaser of a Book Entry Note will receive a customer confirmation of purchase from the registered dealer from whom that Note is purchased in accordance with the practices and procedures of that registered dealer. Practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order.

No holder of a Book Entry Note will be entitled to a certificate or other instrument from Corridor or CDS evidencing that person’s interest in or ownership of that Note, nor will any such holder be shown on the records maintained by CDS, except through an agent of the holder who is a Participant or an Indirect Participant of CDS. Registration of interests in and transfers of Book Entry

Notes will only be made through the debt clearing services of CDS. All payments on Book Entry Notes will be made by Corridor to the Issuing and Paying Agent (as defined below) which will then make payments to CDS. Those payments will be forwarded by CDS to its Participants, by Participants to holders of Book Entry Notes or by Participants to Indirect Participants and thereafter to holders of Book Entry Notes.

Neither Corridor nor the Participants will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Book Entry Notes held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Book Entry Notes; or (c) any advice or representation made by or with respect to CDS, including those, contained in this Information Memorandum and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depositary for the Participants and CDS has a statutory duty to enforce payments of the Notes on behalf of the Participants. As a result, Participants must look solely to CDS and holders of Book Entry Notes must look solely to Participants for the payment of the principal and interest on the Book Entry Notes once that payment is made by or on behalf of Corridor to CDS.

The ability of a holder to pledge Book Entry Notes or take action with respect thereto (other than through a Participant or an Indirect Participant) may be limited due to the lack of physical certificates or other instruments with respect to the Book Entry Notes.

Corridor will have the option to terminate the book entry system through CDS, in which case Notes in certificated form payable to bearer or to the order of a holder thereof will be issued to holders of Book Entry Notes or their nominees.

As of the date of this Information Memorandum, only Notes payable in Canadian dollars are eligible to be Book Entry Notes. Notes payable in currencies other than Canadian dollars will be issued in certificated form payable to bearer or to a named payee. If CDS and its Participants decide to introduce short term promissory notes denominated in other currencies into CDS debt

clearing service in the future, Notes in certificated form will then be issued in “book entry” form on the same basis as that described above for the Book Entry Notes.

The Book Entry Notes will be subject to the *Depository Bills and Notes Act* (Canada).

Denominations

Multiples of \$1,000, subject to a minimum of \$100,000.

Maturities

Maturities will not exceed 365 days from the date of issue.

Rates of Interest

Available on request.

Currency

The Notes will be payable in Canadian dollars or in United States Dollars, whichever is the currency of issue.

Delivery

Delivery of Notes in certificated form will be made against payment in immediately available funds and may be arranged for same day delivery to the purchaser or its agent in Montreal, Toronto, Winnipeg, Calgary or Vancouver, subject to confirmation by Corridor, on applications made through a Canadian chartered bank designated by Corridor in those cities or by bank letter of undertaking in other principal cities in Canada. Delivery of Book Entry Notes will be made in accordance with the rules established by CDS.

Payment

At maturity, payment of the principal of, and interest on, Notes in certificated form will be made on behalf of Corridor at the branches of the Canadian chartered bank designated in the Notes. All payments on Book Entry Notes will be made in accordance with the rules established by CDS.

Purpose

The net proceeds from the sale of the Notes will be used by Corridor as part of the financing required for the ownership and operation of the Corridor Pipeline System.

Offering Jurisdictions

Each province of Canada pursuant to applicable registration and prospectus exemptions.

Statutory Rights of Action – Nova Scotia

Section 65 of the *Securities Act* (Nova Scotia) (the "**NS Act**") requires Corridor to notify each purchaser of Notes resident in Nova Scotia (the "**Investor**") that he/she/it may have the following rights of action for damages or rescission:

In the event that this Information Memorandum, together with any amendments hereto, or any "advertising or sales literature" (as defined in the NS Act) delivered to an Investor, contains any untrue statement of material fact or omits to state a material fact necessary in order to make any statement not misleading in light of the circumstances in which it was made (herein called a "**Misrepresentation**") and that Misrepresentation exists on the date that the Investor purchases those Notes, an Investor to whom this Information Memorandum and any amendments hereto, or any "advertising or sales literature", has been delivered on behalf of Corridor and who purchases Notes shall be deemed to have relied on that Misrepresentation and that Investor shall have a right of action against Corridor and, subject to certain additional defences, against the directors of Corridor for damages or alternatively, so long as that Investor is the owner of those Notes, at the Investor's election, a right of action against Corridor for rescission.

The rights of action for damages or rescission are exercisable if an action is commenced to enforce the applicable rights within 120 days after the date on which payment was made for the Notes.

These rights of action are intended to correspond with the rights against a seller of securities provided in Section 138 of the NS Act and the securities regulations thereto and are subject to defences contained therein such that:

- (a) Corridor will not be held liable if the Investor purchased the Notes with knowledge of the Misrepresentation;
- (b) in an action for damages, Corridor will not be liable for all or any part of those damages that it proves do not represent the depreciation in value of the Notes as a result of the Misrepresentation relied on; and
- (c) in no case will the amount recoverable by an Investor exceed the aggregate price at which the Notes were sold to the Investor.

The rights of action described above are in addition to any other right or remedy available at law to the Investor.

Investors will have the benefit of any changes in the NS Act relating to the rights of action described above as if those changes were incorporated herein.

Selling Restrictions

The Notes have not been and will not be registered under the U.S. Securities Act. The Notes will not be offered for sale directly or indirectly in the United States of America (including each of the States thereof and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction or to, or for the benefit of, any U.S. Person. The Notes may not be sold outside Canada or to any person who is not resident in Canada for the purposes of the *Income Tax Act* (Canada), or to any person purchasing for resale to, or for the benefit of, any person who is not resident in Canada for the purposes of the *Income Tax Act* (Canada).

Resale Restrictions

Notes held by a purchaser may not be offered, sold or delivered, and by purchasing a Note the purchaser agrees that the purchaser will not offer, sell or deliver a Note, except to an authorized agent of Corridor or to persons approved by such an authorized agent as not being a U.S. Person or a person who is a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

Purchaser's Representations

By purchasing a Note, a purchaser represents and warrants that it is not a U.S. Person or a person not resident in Canada for the purposes of the *Income Tax Act* (Canada) and is not purchasing that Note for the account of, or for the benefit of, any such U.S. Person or non-resident person.

Redemption

The Notes are not redeemable prior to maturity.

Credit Arrangements

Corridor maintains credit facilities with banks in Canada and has issued Canadian \$300,000,000 aggregate principal amount of senior unsecured debentures. Corridor expects that amounts available under those arrangements are sufficient to finance its ownership and operation of the Corridor Pipeline System, including its commercial paper activity.

Shipper Obligations

The Shippers are severally obligated (Shell Canada Limited, 60%; Chevron Canada Limited, 20%; and Western Oil Sands L.P., 20%) to pay Corridor's annual revenue requirement in respect of the Corridor Pipeline System.

Issuing and Payment Agent

The Toronto-Dominion Bank.

Eligibility

Eligibility of the Notes, if offered on the date hereof, for investment by purchasers to whom any of the following statutes apply is governed by criteria which those purchasers are required to establish as policies, goals, procedures or guidelines, and in certain cases file, pursuant to the applicable statute (and where applicable, the regulations thereunder or related guidelines) and is subject to the general investment provisions, quantitative restrictions and prudent investment standards provided therein:

- *Insurance Companies Act* (Canada);
- *Trust and Loan Companies Act* (Canada);
- *The Bank Act* (Canada);
- *Pension Benefits Standards Act, 1985* (Canada);
- *Cooperative Credit Associations Act* (Canada);
- *Loan and Trust Corporations Act* (Ontario);
- *Pension Benefits Act* (Ontario);
- *Insurance Act* (Ontario);
- *Trustee Act* (Ontario);
- *Financial Institutions Act* (British Columbia);
- *Pension Benefits Standards Act* (British Columbia);
- *Insurance Act* (Alberta);
- *Employment Pension Plans Act* (Alberta);
- *Alberta Heritage Savings Trust Fund Act* (Alberta);
- *Loan and Trust Corporations Act* (Alberta);
- *Financial Administration Act* (Alberta);
- *Trustee Act* (Alberta);
- *The Pension Benefits Act, 1992* (Saskatchewan);
- *The Pension Benefits Act* (Manitoba);
- *The Insurance Act* (Manitoba);
- *The Trustee Act* (Manitoba);
- *An Act respecting insurance* (Québec) for an insurer incorporated under the laws of the province of Québec, other than a guarantee fund;
- *Supplemental Pension Plans Act* (Québec);
- *An Act respecting trust companies and savings companies* (Québec) for a trust company investing its own funds and funds received as deposits and a savings company investing its own funds;
- *Pension Benefits Act* (New Brunswick);
- *Pension Benefits Act* (Nova Scotia);
- *Trustee Act* (Prince Edward Island); and
- *Pension Benefits Act* (Newfoundland and Labrador).

TERASEN PIPELINES (CORRIDOR) INC.
(the “**Corporation**”)

Borrowing Provision

2.04 Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or other persons as may from time to time be authorized by the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

The undersigned, Angelese R. Hood, Corporate Secretary of the Corporation, hereby certifies that the foregoing is a true and correct copy of the borrowing provision contained in By-Law Number 1 of the Corporation, duly enacted by the Board of Directors of the Corporation on August 24, 1998, and duly confirmed by the sole shareholder of the Corporation on August 24, 1998, and that such borrowing provision has not been amended and is in full force and effect as of the date hereof.

Dated the 21st day of March, 2005



Angelese R. Hood
Corporate Secretary

TERASEN PIPELINES (CORRIDOR) INC.
(the “**Corporation**”)

Certificate of Incumbency and Signatures of Officers

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Richard T. Ballantyne	President	
Ian D. Anderson	Vice President, Finance and Corporate Services	
Heather L. McAlpine	Controller	
		
		

The undersigned, Angelese R. Hood, Corporate Secretary of the Corporation, hereby certifies on behalf of the Corporation that the persons named above have been duly elected or appointed to the offices in the Corporation set forth opposite their respective names, that those persons are now holding the offices set forth opposite their respective names and are acting as the officers indicated and that the signatures set forth opposite their respective names are true specimens or true reproductions of the respective signatures of those officers.

Dated the 21st day of March, 2005



Angelese R. Hood
Corporate Secretary

TERASEN PIPELINES (CORRIDOR) INC.
(the “**Corporation**”)

**Certified Copy of Resolutions Authorizing the
Issuance and Sale of the Short Term Promissory Notes, dated May 20, 2003**

BE IT RESOLVED THAT:

- (a) the Corporation borrow money by the issue and sale of commercial paper in the form of unsecured promissory notes (the “Notes”), whether in certificated form or book entry only form, each Note to be in a denomination of not less than \$100,000 and in integral multiples of \$1,000, in lawful money of Canada or the United States of America and to have a maturity date of not more than one year from the date of its issue; provided that the aggregate principal amount of the Notes outstanding at any time shall not exceed the sum of \$525,000,000 in lawful money of Canada or the equivalent thereof in lawful money of the United States of America;
- (b) any two officers of the Corporation be and they are hereby authorized and empowered on behalf of the Corporation from time to time to execute, either by manual or facsimile signature, and deliver Notes, subject to the limitations described in the preceding resolution and otherwise in the forms and in the amounts and on the terms (including maturity dates and rates of interest or discount) as any of those officers may determine, those determinations to be conclusively evidenced by their execution thereof, and, in the case of Notes issued, to designate and authorize by instruments in writing one or more banks, trust companies or other agents to countersign the Notes and to deliver the same to the purchaser or purchasers thereof, and to execute and deliver any or all other documents in any way relating to any money so borrowed;
- (c) any Note executed by the Corporation in accordance with the provisions of this resolution and, in the case of Notes issued in certificated form only, countersigned by either manual or facsimile signature on behalf of the Corporation shall constitute a valid and binding obligation of the Corporation enforceable in accordance with its terms notwithstanding that, at any time after execution of that Note, any person duly authorized to execute or countersign the same may cease to hold the office or position held by that person at the time he or she executed or countersigned that Note; and
- (d) any two officers of the Corporation be and they are hereby authorized for and on behalf of the Corporation to take all such actions, do such things and execute and deliver, whether under the common seal of the Corporation or otherwise, all such agreements, instruments, statements, forms and other documents as they may deem appropriate in connection with the foregoing resolutions, and execution by any such officers of the Corporation shall be conclusive proof of their authority to act on behalf of the Corporation.

**Certified Copy of Resolutions Authorizing, among other things, the
Reduction of the Corridor Commercial Paper Program, dated February 1, 2005**

BE IT RESOLVED THAT:

1. The Corporation is hereby authorized to implement the Refinancing Arrangements in the manner described in the Shipper Approval and these resolutions and to carry out its obligations in respect of those Refinancing Arrangements.

2. In furtherance of the foregoing:

...

Reduction of Corridor Commercial Paper Program

(p) the reduction of the Corridor Commercial Paper Program to no more than \$225,000,000 and the amendment and/or restatement of the Information Memorandum to reflect the foregoing be and they are hereby approved.

3. The Corporation is hereby authorized to provide such further and other documents, agreements, instruments, certificates and assurances as may be necessary or desirable to give effect to the foregoing resolutions.

4. Any officer or director of the Corporation be and is hereby authorized for and on behalf of the Corporation, to:

...

(b) execute and deliver each of the Indenture, the Debentures, the Agency Agreement, the Credit Agreement, the Interest Rate Swap Contracts, any amendment and/or restatement of the Information Memorandum and each of the other documents, agreements, instruments, certificates and assurances referred to above and any other documents, agreements and assurances as may be required to be executed and delivered in connection with the foregoing resolutions, including without limitation the Debenture subscription agreements, all with such additions, deletions and amendments thereto as the officer or director signing any such documents may deem necessary or advisable, execution as aforesaid to be conclusive evidence of this and that director's or officer's approval; and

(c) do all such other acts and things as may be required in connection with the foregoing resolutions.

5. All documents issued, executed and delivered on behalf of the Corporation in accordance with the foregoing are conclusively deemed to be the documents approved by this resolution.
6. All actions heretofore taken by any officer or director of the Corporation in connection with any matter referred to in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects.
7. These resolutions in writing may be signed in counterparts and by facsimile transmission and all executed counterparts will be deemed to be a single instrument.

The undersigned, Angelese R. Hood, Corporate Secretary of the Corporation, hereby certifies on behalf of the Corporation that the foregoing are true and correct copies of resolutions passed by the Board of Directors of the Corporation on May 20, 2003 and February 1, 2005, and that those resolutions are in full force and effect as of the date hereof.

Dated the 21st day of March, 2005



Angelese R. Hood
Corporate Secretary

STIKEMAN ELLIOTT

Stikeman Elliott LLP Barristers & Solicitors

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March 21, 2005

Terasen Pipelines (Corridor) Inc.
Suite 2700
300 - 5th Avenue S.W.
Calgary, Alberta
T2P 5J2

Ladies and Gentlemen:

Re: Terasen Pipelines (Corridor) Inc. Short Term Promissory Notes

We have acted as counsel to Terasen Pipelines (Corridor) Inc. (the "Corporation") in connection with the proposed issue and sale from time to time of negotiable short-term promissory notes (the "Notes") in a maximum aggregate principal amount at any one time outstanding of \$225,000,000 in Canadian funds or the United States funds equivalent thereof at the time of issue. The Notes may be issued in certificated form, payable to the bearer or to a specified payee or may be issued in "book entry only" form and are issuable in multiples of \$1000, subject to a minimum denomination of \$100,000 in Canadian funds or United States funds at the time of issue and in maturities of not more than 365 days from the respective dates of issue thereof, as described in the information memorandum relating thereto (the "Information Memorandum") dated March 21, 2005. The Notes are not convertible or exchangeable into or accompanied by any right to purchase another security and are not being sold to any purchaser in the province of Quebec pursuant to a written agreement.

We are furnishing this opinion at the Corporation's request for the information of prospective purchasers of the Notes. The expressions used herein and defined in the Information Memorandum shall have the meanings ascribed to them in the Information Memorandum.

We have assisted in the preparation of and have examined the Information Memorandum and the specimen form of Note reproduced in the Information Memorandum. We have examined originals or copies, certified or otherwise identified to our satisfaction, of the certificates and other documents, as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In particular, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the certificate of incorporation of the Corporation, the by-laws of the Corporation, certain resolutions of the Corporation's directors and a Certificate

CALGARY
VANCOUVER
TORONTO
MONTREAL
OTTAWA
NEW YORK
LONDON
HONG KONG
SYDNEY

of Status provided by the Alberta Registrar of Corporations dated March 21, 2005 respecting the Corporation. We have relied exclusively on these documents without independent investigation or verification for the purpose of providing our opinions expressed below in paragraphs 1, 2 and 3.

In providing the opinion in paragraph 7 below we have relied exclusively without independent investigation or verification on information provided in an officer's certificate of foreign property with respect to certain factual matters. Accordingly, the opinion in paragraph 7 hereof may be relied on in connection with the Notes purchased after the date of this opinion only if there has been no change in the information contained in that certificate, insofar as that information affects the subject matter of that opinion. We are under no obligation to advise you of any such changes.

In all of these examinations, we have assumed:

- (a) the legal capacity of all individuals;
- (b) the authority of all persons signing all documents;
- (c) the genuineness of all signatures on, and the authenticity, completeness and veracity of, all documents submitted to us as originals;
- (d) the conformity to the originals of all documents submitted to us as true certified, conformed, facsimile, or photostatic copies thereof and the genuineness of all signatures thereon and the authenticity and completeness of the originals of those copies;
- (e) that there has been no cease trade order or similar order made by a court or regulatory body having jurisdiction preventing trades in the Corporation's securities;
- (f) that the Corporation is not a "market intermediary" as such term is defined in the *Securities Act* (Ontario);
- (g) that the Corporation is not a registrant under *The Securities Act* (Manitoba) holding a restricted registration that prevents it from trading the Notes;
- (h) that the Corporation is not a "market intermediary" as such term is defined in the *Securities Act* (Newfoundland and Labrador); and
- (i) that the Notes are not convertible or exchangeable into or accompanied by any right to purchase another security.

We understand that the Corporation will file the Information Memorandum and any other disclosure documents delivered to purchasers of the Notes with the

Autorité des marchés financiers and that if the Information Memorandum is furnished to persons in the province of Québec, it will be accompanied by the French language form thereof.

The opinions hereinafter expressed are based on certain factual matters and legislation and other law in effect on the date hereof. We assume no obligation to update the opinions hereinafter expressed.

Except to the extent this opinion is rendered in reliance on the opinions of counsel described below, our opinions in this letter are given only in respect of the laws of the provinces of Alberta, British Columbia, Ontario and Québec, and the laws of Canada applicable therein. In giving the opinions set forth below in paragraphs 4 and 5 (with respect to the laws of the provinces of Saskatchewan, Manitoba, New Brunswick, Newfoundland and Labrador, Prince Edward Island and Nova Scotia), we have relied, without independent verification, on the opinions of counsel in those provinces. To the extent that any opinion of counsel on which we have relied is stated to be based on any assumption, to be given in reliance on any certificate or other document, or to be subject to any limitation, qualification or exception, the opinion expressed herein in reliance on that opinion of counsel is based on the same assumption, is given in reliance on the same certificate or document, and is subject to the same limitation, qualification or exception.

The opinions expressed in paragraph 5 below are also subject to the general limitations and restrictions contained in the statutes and regulations referred to therein as to the amount of funds which may be invested in any one investment or type or class of investment.

We understand the reliances, assumptions and qualifications set forth herein to be satisfactory to you.

Based on and subject to the foregoing and the qualifications set forth below, we are of the opinion that:

1. The Corporation is a valid and subsisting corporation under the laws of the province of Alberta.
2. The Corporation has the corporate power and capacity to borrow money by the issue and sale of the Notes and all necessary corporate action has been taken by the Corporation to authorize the issue and sale of the Notes and the borrowing of money thereby.
3. The specimen of the Note is satisfactory as to form and Notes, in the form contained in the Information Memorandum, when completed in accordance with the terms of the Information Memorandum and issued and signed by any two officers of the Corporation, and in the case of Notes issued in certificated form, countersigned manually on behalf of the Corporation by an issuing agent designated by the Corporation, and delivered against payment

therefor, will constitute valid and binding obligations of the Corporation enforceable in accordance with their terms.

4. The Corporation may, under the securities legislation of the respective provinces of Canada mentioned in this paragraph 4, either directly or through agents (which agents must be registered in an appropriate category pursuant to applicable securities legislation or otherwise be exempt from registration), without registration by the Corporation and without filing any prospectus or other document, except for the filing of the Information Memorandum and any other disclosure documents delivered to purchasers of the Notes with the *Autorité des marchés financiers*:

- (a) offer and sell the Notes in British Columbia:
- (i) to purchasers other than individuals; and
 - (ii) to purchasers who are individuals, provided that the Notes have a credit rating from one of the following rating agencies set out below that is equal to or higher than the level indicated below:

<u>Rating Agency</u>	<u>Credit Rating</u>
Dominion Bond Rating Service Limited.....	R-1 (Low)
Moody's Investors Service, Inc.	P-1
Standard & Poor's Rating Services.....	A-1

and the Corporation or any of its agents offering and selling the Notes does not know or ought not reasonably to know that there has been an announcement by a rating agency referred to herein that the credit rating of the Notes may be down-graded to a level below the level indicated herein;

- (b) offer and sell the Notes to the public in Alberta;
- (c) offer and sell the Notes to the public in Saskatchewan, provided that the Notes have been rated by one or more of the rating agencies set out below (each an "Approved Credit Rating Organization") to have a level at least equal to the level indicated below (each an "Approved Credit Rating"):

<u>Rating Agency</u>	<u>Credit Rating</u>
Dominion Bond Rating Service Limited.....	R-1 (Low)
Fitch Ratings.....	F1
Moody's Investor Service, Inc.....	P-1
Standard & Poor's Rating Services.....	A-1 (Low)

and there has been no announcement by an Approved Credit Rating Organization referred to in this paragraph (c) that the Approved Credit Rating of the Notes has been or may be down-graded to a level below the level indicated in this paragraph (c);

- (d) offer and sell the Notes in Manitoba;
- (e) offer and sell the Notes to the public in Ontario;
- (f) offer and sell the Notes to the public in Québec;
- (g) offer and sell the Notes in New Brunswick if:
 - (i) at the time of distribution, the Notes have a rating at or above one of the Approved Credit Rating categories issued by an Approved Credit Rating Organization for the Notes or a category that replaces one of the Approved Credit Rating categories; and
 - (ii) there has been no announcement by an Approved Credit Rating Organization that the rating of the Notes to which the Approved Credit Rating was given may be down-graded to a rating category that would not be an Approved Credit Rating and no Approved Credit Rating Organization has rated the Notes in a rating category that is not an Approved Credit Rating;
- (h) offer and sell the Notes to individual members of the public in Newfoundland and Labrador only if the Notes have a denomination of not less than \$50,000;
- (i) offer and sell the Notes to individual members of the public in Prince Edward Island only if the Notes have a denomination or principal amount of not less than \$50,000; and
- (j) offer and sell the Notes in Nova Scotia only if, at the date of sale, the Notes have a rating at or above one of the Approved Credit Rating categories issued by an Approved Credit Rating Organization for the

Notes or a category that replaces one of the Approved Credit Rating categories; and

- (i) there has been no announcement by an Approved Credit Rating Organization that the rating of the Notes may be downgraded to a rating category that would not be an Approved Credit Rating; and
- (ii) none of the Approved Credit Rating Organizations have rated the Notes in a rating category that is not an Approved Credit Rating.

5. Subject to the general limitations and restrictions as set forth in the acts and regulations referred to below as to the amount of funds which may be invested in any one investment or type or class of investment and subject to the applicable general investment provisions and quantitative and other restrictions found in those acts and regulations and based on and subject to the foregoing, the Notes, when issued in accordance with paragraph 3 above, are, at the date hereof, investments:

- (a) in which the provisions of the *Insurance Companies Act* (Canada) and the regulations thereunder would not, subject to compliance with the prudent standards for investment contained therein, preclude a company (within the meaning of that Act) or a foreign company (within the meaning of that Act) from investing its assets, other than assets of a segregated fund maintained pursuant to that Act, provided that the investment by that company or foreign company in the Notes is not inconsistent with the prudent investment and lending policies, standards and procedures required to be established and adhered to by that company or foreign company under such Act and further provided that, with respect to a foreign company, that investment is also in compliance with the provisions contained in the trust deed by which it created the requisite trust;
- (b) in which the provisions of the *Trust and Loan Companies Act* (Canada) and the regulations thereunder would not, subject to compliance with prudent standards for investment contained therein, preclude a company (within the meaning of that Act) from investing its funds, other than money or assets held in trust by that company which do not constitute guaranteed trust money or assets held in respect thereof and provided that the investment by that company in the Notes is not inconsistent with the prudent investment and lending policies, standards and procedures required to be established and adhered to by that company under that Act;
- (c) in which the provision of Schedule III to the Pension Benefits Standards Regulations, 1985 made pursuant to the *Pension Benefits Standards Act, 1985* (Canada) would not, subject to compliance with

the prudent standards for investments contained therein, preclude a pension plan registered under the Act from investing its funds, provided that, where a statement of investment policies and procedures has been established and filed by the administrator (as defined in that Act) for that plan, the investment by that plan in the Notes is not inconsistent with that statement;

- (d) in which the provisions of the *Cooperative Credit Associations Act* (Canada) would not, subject to compliance with the prudent standards for investment and lending contained therein, preclude an association (within the meaning of that Act) from making, provided that the investment by that association in the Notes is not inconsistent with the prudent investment policies, standards and procedures required to be established and adhered to by such association under that Act;
- (e) in which the provisions of the *Bank Act* (Canada) would not, subject to compliance with the prudent standards for investment and lending contained therein, preclude a bank to which that Act applies from investing, provided that the investment by that bank in the Notes is not inconsistent with the prudent investment policies, standards and procedures required to be established and adhered to by that bank under that Act;
- (f) in which the provisions of the *Loan and Trust Corporations Act* (Ontario) and the regulation thereunder would not, subject to compliance with the prudent investment standards and general investment provisions of that Act and the regulation thereunder and any registration restrictions applicable to the registrant under that Act, preclude the funds received as deposits by registered corporations (as defined in that Act) from being invested provided that such investment is consistent with the investment and lending policies, standards and procedures approved by the board of directors of the registrant and filed by the registrant under that Act;
- (g) in which the provisions of the *Pension Benefits Act* (Ontario) and the regulation thereunder would not, subject to compliance with the prudent investment standards of that Act and regulation, preclude the funds of a pension plan regulated thereunder from being invested, provided that the administrator of that plan establishes and submits a statement of investment policies and procedures pursuant to the requirements of the Pension Benefits Standards Regulation, 1985 made in accordance with the *Pension Benefits Standards Act, 1985* (Canada) as it read on December 31, 1999, as incorporated by reference into the Regulation under the *Pension Benefits Act* (Ontario) and that such investment is specifically permitted and in conformity with that statement of investment policies and procedures;

- (h) in which the *Insurance Act* (Ontario) would not, subject to compliance with the general investment provisions of that Act and the investment guidelines of the Financial Services Commission of Ontario, preclude an insurer from investing its funds;
- (i) in which the *Trustee Act* (Ontario) would not, subject to compliance with prudent investment criteria and other considerations enumerated in that Act, preclude the trust property held by a trustee from being invested;
- (j) in which the provisions of the *Financial Institutions Act* (British Columbia) and the regulations thereunder (collectively, the “FIA”) would not, subject to compliance with the prudent standards in the making of investment and lending decisions and general investment provisions of the FIA, preclude a financial institution (as defined in the FIA) regulated under the FIA from making, provided that the investment in the Notes is consistent with the written investment and lending policy adopted by the financial institution in accordance with the FIA;
- (k) in which, subject to compliance with the prudent investment criteria contained in the *Pension Benefits Standards Act* (British Columbia) and the regulations thereunder, that Act and the regulations thereunder would not preclude the funds of a pension plan registered thereunder from being invested if the investment complies with the written statement of investment policies and procedures in respect of the pension plan’s portfolio of investments and loans established by the administrator of that plan pursuant to that Act and the Regulations thereunder;
- (l) in which the provisions of the *Employment Pension Plans Act* (Alberta) and the *Employment Pension Plans Regulation* (the “Regulation”) thereunder would not preclude the administrator (as defined in that Act) of a pension plan from investing the assets of that pension plan, provided that such investment is made in accordance with (i) Schedule III to the *Pension Benefits Standards Regulations, 1985* (made pursuant to the *Pension Benefits Standards Act, 1985* (Canada)), (ii) the investment policies and procedures in respect of a pension plan’s portfolio of investments and loans established by the administrator of that pension plan pursuant to the Regulation, (iii) the fiduciary obligations owed by the administrator as a result of the administrator acting in a fiduciary capacity in relation to members, former members and others entitled to benefits under the plan, and (iv) a manner that a reasonable and prudent person would apply to the plan’s portfolio of investments having regard to the plan’s liabilities;

- (m) in which the provisions of the *Insurance Act* (Alberta) and the regulations thereunder would not, subject to compliance (i) with the prudent investment standards described therein for a provincial company (as defined in that Act) making investment decisions and managing its total investments, and the policies and procedures established by the board of directors of a provincial company in that regard, and (ii) the restrictions on investing in or conducting transactions with related parties as described therein, preclude a provincial company from investing;
- (n) in which the provisions of the *Financial Administration Act* (Alberta) would not preclude the Provincial Treasurer of Alberta from investing the funds of one or all of the funds prescribed by or under section 43 of that Act, subject to compliance with investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments to avoid undue risk of loss and obtain a reasonable return;
- (o) in which the provisions of the *Alberta Heritage Savings Trust Fund Act* and the regulations thereunder would not, subject to compliance with the investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments to avoid undue risk of loss and obtain a reasonable return that will enable the endowment portfolio and the transition portfolio that comprise the Alberta Heritage Savings Trust Fund (the "Fund") to meet their respective prescribed objectives, preclude the Fund from investing the assets of the Fund;
- (p) in which the provisions of the *Loan and Trust Corporations Act* (Alberta) and the regulations thereunder would not, subject to compliance with (i) the prudent investment standards described therein, the satisfaction of any requirements related to investment or lending policies or goals, and, if required, the filing of those policies or goals, and (ii) the restrictions on restricted party transactions described therein, preclude a loan corporation or trust corporation registered or continued under that Act from investing the funds which it receives as deposits;
- (q) in which the provisions of the *Trustee Act* (Alberta) would not preclude a trustee (as defined in that Act) from investing trust funds, provided that such investment is made (i) with a view to obtaining a reasonable return while avoiding undue risk, having regard to the circumstances of the trust, and (ii) in compliance with the other considerations enumerated in that Act;
- (r) in which the provisions of *The Pension Benefits Act, 1992* (Saskatchewan) and the regulations thereunder and the regulations under the *Pension Benefits Standards Act, 1985 (Canada)* incorporated

by reference therein would not preclude pension plans registered under such Act from investing, subject to compliance with the general investment provisions, the quantitative restrictions and prudent investment standards therein, and any criteria required to be established as policies, goals, procedures or guidelines and any requirement to file such policies, goals, procedures or guidelines;

- (s) in which the provisions of *The Pension Benefits Act* (Manitoba) (the “Pension Act”) and the regulations thereunder would not preclude the funds of pension plans regulated thereunder from being invested, provided such funds are invested and loaned only in accordance with sections 6 to 7.2 and Schedule III of the *Pension Benefits Standards Regulations*, 1985 (Canada) and subject to the administrator (as defined in the Pension Act) of the pension plan using all of the relevant knowledge and skill that they possess or, by reason of the administrator’s profession, business or calling, ought to possess, and exercising the care, diligence and skill that a person of ordinary prudence would exercise in dealing with the property of another person;
- (t) in which the provisions of *The Insurance Act* (Manitoba) would not preclude an insurer incorporated and licensed under the laws of Manitoba from investing its surplus funds and reserve pursuant to the prudent investment policies, standards and procedures applicable to a company which has obtained an order under section 53 of the *Insurance Companies Act* (Canada);
- (u) in which the provisions of *The Trustee Act* (Manitoba) (the “Trustee Act”) and the regulations thereunder would not, subject to the express provisions of the law or of the will or other instrument creating the trust or defining the duties and powers of the trustee and the trustee exercising the judgement and care that a person of prudence, discretion and intelligence would exercise in administering the property of others, preclude the assets of a trust which are subject to the Trustee Act and Regulations from being invested;
- (v) in which the provisions of *An act respecting insurance* (Québec) would not preclude an insurer (as defined in that Act) governed thereby (other than a guarantee fund) from investing its funds, subject to compliance with prudent investment standards of such Act and provided that such investment is in conformity with the insurer’s investment policy established pursuant to that Act and approved by its board of directors;
- (w) in which the provisions of the *Supplemental Pension Plans Act* (Québec) and the regulations thereunder would not, subject to compliance with the prudent standards for investment contained therein, preclude a pension plan registered pursuant thereto, in respect of which a

written investment policy conforming to that Act has been adopted, from investing its assets; provided, however, that such investment, if selected by the pension committee of that plan or a delegatee thereof, is made in conformity with a category of investments specifically permitted in the investment policy for that plan applicable at the date of original issue of the Notes;

- (x) in which the provisions of *An act respecting trust companies and savings companies* (Québec) would not preclude a trust or savings company, in each case as defined under the Act (other than a trust company with respect to funds (except deposits) which it administers for other persons, unless otherwise provided in the instrument creating the administration), from making, subject to compliance with the prudent investment standards contained in that Act applicable to a Québec company, including the adoption of and adherence to an investment policy approved by its board of directors;
- (y) in which the provisions of the *Pension Benefits Act* (Newfoundland and Labrador) and the regulations thereunder would not, subject to compliance with the prudent investment standards contained therein, preclude the funds of a pension plan registered under such Act from being invested, provided a written statement of investment policies and goals for such plan has been filed under such Act and the Notes are within a category or sub-category of investment specifically permitted by, and for which guidelines have been established, in such statement;
- (z) in which the provisions of the *Pension Benefits Act* (New Brunswick) and the regulations thereunder would not, subject to compliance with the prudent investment standards contained therein, preclude the funds of a pension plan registered under such Act from being invested, provided a written statement of investment policies and goals for such plan has been filed under such Act and the Notes are within a category or sub-category of investment specifically permitted by, and for which guidelines have been established, in such statement;
- (aa) in which the *Pension Benefits Act* (Nova Scotia) and the regulations thereunder would not, subject to compliance with prudent investment standards contained therein, preclude the funds of a pension plan registered under such Act from being invested, provided a written statement of investment policies and goals for such plan has been filed under such Act and the Notes are within a category or sub-category of investment specifically permitted by, and for which guidelines have been established, in such statement; and
- (bb) in which the provisions of the *Trustee Act* (Prince Edward Island) would not preclude a trustee from making an investment unless such

trustee is otherwise directed by the will or other instrument creating the trust or defining his powers and duties; provided that in so doing he exercises the judgement and care that a man of prudence, discretion and intelligence would exercise as a trustee of property of others and the care, skill, diligence and judgment that a prudent investor would exercise in making investments.

6. (a) The Information Memorandum, in its French language form, and the form of Note contained therein, being in bilingual form, comply with the requirements of the *Charter of the French Language* of the Province of Québec, where applicable.
 - (b) The French language version of the Information Memorandum and of the form of Note is in all material respects a complete and proper translation of the English language version thereof.
7. The Notes, if issued on the date hereof, will not constitute “foreign property” for the purposes of Part XI of the *Income Tax Act* (Canada).

The opinions expressed with respect to enforceability in paragraph 3 above are subject to the following qualifications:

- (a) enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors’ rights generally;
- (b) the granting of equitable remedies, including specific performance and injunctive relief, is in the discretion of a court of competent jurisdiction;
- (c) rights of indemnification may be limited under applicable law;
- (d) the effectiveness of terms exculpating a party from a liability or duty otherwise owed by it to another may be limited by law;
- (e) the awarding of costs of or incident to proceedings authorized to be taken in court or before a judge are in the discretion of the court or judge and the court or judge has the full power to determine by whom and to what extent those costs shall be paid;
- (f) the *Currency Act* (Canada) precludes a court in Canada from giving judgment in any currency other than Canadian currency; and
- (g) the provisions of the *Judgment Interest Act* (Alberta) may limit interest on a judgment debt to a rate less than the rate provided for contractually.

This opinion is provided for the benefit of the persons to whom it is addressed and may not be relied on by any other person and is provided solely in connection with the transaction to which it relates. It may not be quoted, in whole or in part, or otherwise referred to or used for any other purposes.

Yours truly,

Gilman Elliot LLP

**"BOOK ENTRY ONLY" FORM
FORMULAIRE D'INSCRIPTION EN COMPTE SEULEMENT**



Note No.
Billet n° **0000**
Discount/Interest Bearing
Billet à escompte/portant intérêt

**PROMISSORY NOTE
BILLET**

Issue Date
Date d'émission

MM/DJ/YA

Due Date
Date d'échéance

MM/DJ/YA

This is a depository note subject to the Depository Bills and Notes Act
Le présent billet de dépôt est assujéti à la *Loi sur les lettres et billets de dépôt*

Terasen Pipelines (Corridor) Inc. for value received hereby promises to pay to or to the order of CDS & Co.
Terasen Pipelines (Corridor) Inc., contre valeur reçue, s'engage par les présentes à payer à ou à l'ordre de CDS & Co.

**on the Due Date, the sum of
à la date d'échéance, la somme de** _____

plus interest thereon at
avec intérêt au taux de _____

percent per annum, from the Issue Date up to but not including the Due Date,
pour cent par année, de la date d'émission à la date d'échéance exclusivement,

payable in the lawful money of _____ on due presentation and surrender of this Promissory Note
payable en monnaie légale du _____ sur présentation et remise du billet à la

to the main branch of The Toronto-Dominion Bank in Toronto.
succursale principale de La Banque Toronto-Dominion à Toronto.

Authenticated By:
Authentifié par:

**THE TORONTO-DOMINION BANK
LA BANQUE TORONTO-DOMINION**

By/par

Authorized Signing Officer/Signataire autorisé

TERASEN PIPELINES (CORRIDOR) INC.

By/
par

By/
par

Authorized Signing Officer/Signataire autorisé

Authorized Signing Officer/Signataire autorisé

**THIS PROMISSORY NOTE SHALL BECOME VALID ONLY WHEN MANUALLY AUTHENTICATED.
LE PRÉSENT BILLET N'EST VALIDE QUE S'IL EST AUTHENTIFIÉ MANUELLEMENT.**