



**TO:** JONATHAN LELIEVRE  
SENIOR ANALYST, CORPORATE FINANCE - ENBRIDGE INC.

**FROM:** TUSHAR KITTUR – DIRECTOR

**DATE:** JUNE 17, 2011

**SUBJECT: GAZIFÈRE INC. – INDICATIVE CREDIT SPREAD**

Dear Jonathan:

In response to your request for an indication on financing costs for Gazifère Inc. (“Gazifère”), this letter outlines the assumptions and methodology that RBC Capital Markets (“RBC CM”) employed in deriving our pricing indication. RBC CM’s views are based on our debt capital markets expertise, our experience in financing corporations from the energy utility sector in Canada and our ongoing knowledge of the Enbridge group of companies.

Based on the following assumptions, the estimated coupon for a CAD\$5 million Gazifère private placement offering is 4.42% to 4.72% for the 5yr term and 5.41% to 5.71% for the 10yr term (as at June 17, 2011).

- (i) Principal amount of CAD\$5 million;
- (ii) Term to maturity of 5 or 10 years;
- (iii) Senior unsecured debentures;
- (iv) Negotiated unrated private placement offering to Canadian institutional investors;
- (v) Assumed investment grade rating of BBB/BBB(low)

The following table outlines comparable public spreads in the energy utility industry:

Company	Credit Rating			Indicative Spreads	
	DBRS	Moody's	S&P	5yr	10yr
Enbridge Gas Distribution Inc	A		A-	+77	+100
Union Gas Limited	A		BBB+	+83	+103
Westcoast Energy Inc.	A(low)		BBB+	+103	+127
EPCOR Utilities Inc.	A(low)		BBB+	+95	+125
Nova Scotia Power Incorporated	A(low)		BBB+	+89	+117
FortisBC Energy Inc.	A	A3	A	+79	+100
TransCanada Pipelines Limited	A	A3	A-	+93	+130
Gaz Metropolitan Inc.	A		A	+85	+105

*Indicative spreads as at June 17, 2011*

The following table summarizes how RBC derived the indicative credit spread for Gazifère:

<b>Gazifère</b>		
	<b>5yr</b>	<b>10yr</b>
Enbridge Gas Distribution Inc. new issue spread	77 bps	100 bps
BBB-/BBB corporate rating category adjustment	125 bps - 150bps	125 bps - 150bps
Negotiated private placement (liquidity premium)	20 bps - 25bps	20 bps - 25bps
Indicative Spread	222 bps - 252 bps	245 bps - 275 bps
GoC Yield	2.20%	2.96%
<b><i>Approx. Indicative Coupon</i></b>	<b>4.42% - 4.72%</b>	<b>5.41% - 5.71%</b>

*As at June 17, 2011*

At the time of issuance, pricing may be affected by other competing transactions and / or general market tone. There can be no assurance that our pricing indication will in fact result in a successfully placed offering until the terms of the transaction, validation of investment grade quality and the indicative coupon have been analyzed and accepted by fixed income investors.

We hope this clarifies the pricing methodology that was applied in arriving at an indicative coupon for Gazifère. Should you have any questions or require further clarification on any matter don't hesitate contacting me. We are pleased to have assisted you in this matter.

Best Regards,



Tushar Kittur  
Debt Capital Markets  
RBC Capital Markets