



TO: DAVID TRANG
SENIOR ADVISOR, CORPORATE FINANCE - ENBRIDGE INC.

FROM: JAMIE WETMORE – DIRECTOR

DATE: JUNE 5, 2014

SUBJECT: GAZIFÈRE INC. – INDICATIVE CREDIT SPREAD

Dear David:

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\$7.0 million Gazifère private placement offering is 4.40% - 5.15% for the 5 year term and 5.60% - 6.35% for the 10 year term.

- (i) Principal amount of CAD\$7.0 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);
- (vi) Pre-payable at any time at par at the option of the issuer.

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- | +75 | +106 |
| Union Gas Limited | A | | BBB+ | +80 | +111 |
| Westcoast Energy Inc. | A(low) | | BBB | +101 | +132 |
| EPCOR Utilities Inc. | A(low) | | BBB+ | +80 | +111 |
| Nova Scotia Power Incorporated | A(low) | | BBB+ | +82 | +112 |
| FortisBC Energy Inc. | A | A3 | | +72 | +103 |
| TransCanada Pipelines Limited | A | A3 | A- | +85 | +116 |
| Gaz Metropolitan Inc. | A | | A- | +75 | +105 |

Indicative spreads as at June 5, 2014.

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

| Gazifère | | |
|--|----------------------|----------------------|
| | 5yr | 10yr |
| Enbridge Gas Distribution Inc. new issue spread | 75 bps | 106 bps |
| BBB-/BBB corporate rating category adjustment | 115 bps - 140bps | 125 bps - 150bps |
| Negotiated private placement (liquidity premium) | 25 bps - 50bps | 25 bps - 50bps |
| Prepayment premium | 60 bps - 85bps | 70 bps - 95bps |
| Indicative Spread | 275 bps - 350 bps | 326 bps - 401 bps |
| GoC Yield | 1.65% | 2.34% |
| Approx. Indicative Coupon | 4.40% - 5.15% | 5.60% - 6.35% |

As at June 5, 2014

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,

Jamie Wetmore
Debt Capital Markets
RBC Capital Markets