



CONFIDENTIAL MEMORANDUM

TO: RAUNAQ MATHARU
ENBRIDGE INC.

FROM: JAMIE WETMORE – MANAGING DIRECTOR, RBC CAPITAL MARKETS
ADAM EGBERTS – ASSOCIATE, RBC CAPITAL MARKETS
JENNY KLETINICH – ANALYST, RBC CAPITAL MARKETS

DATE: JUNE 5, 2017

SUBJECT: GAZIFÈRE INC. – INDICATIVE CREDIT SPREAD

Dear Raunaq,

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.

Key assumptions:

- (i) Principal amount of CAD\$10 million;
- (ii) Term to maturity of 5 and 10 years;
- (iii) Subordinated debentures;
- (iv) Negotiated private placement offering to Canadian institutional investors;
- (v) Assumed investment grade rating of BBB-;
- (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 D/M/S	Indicative Spreads	
		5yr	10yr
Enbridge Gas Distribution Inc.	A/-/ BBB+	+76	+108
Union Gas Limited	A/-/ BBB+	+75	+108
Westcoast Energy Inc.	A(low)/-/BBB+	+110	+155
EPCOR Utilities Inc.	A(low)/-/A-	+75	+102
Nova Scotia Power Inc.	A(low)/-/BBB+	+83	+110
FortisBC Energy Inc.	A/A3/-	+72	+99
TransCanada Pipelines Ltd.	A(low)/A3/A-	+85	+125

Indicative spreads as at March 10, 2017

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

Gazifère		
	5yr	10yr
Enbridge Gas Distribution Inc. new issue spread	76 bps	108 bps
BBB- rating category and subordination adjustment	50 bps - 75bps	50 bps - 75bps
Negotiated private placement (liquidity premium)	25 bps - 50bps	25 bps - 50bps
Prepayment premium ⁽¹⁾	35 bps - 40bps	45 bps - 50bps
Indicative Spread	186 bps - 241 bps	228 bps - 283 bps
GoC Yield	0.95%	1.41%
Approx. Indicative Coupon	2.81% - 3.36%	3.69% - 4.24%

As at June 5, 2017

(1) Indicative premium for a cancellable pay fixed swap used as a proxy for the option value associated with a par call fixed rate instrument at each tenor taking into consideration forward rates.

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,

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