



CONFIDENTIAL MEMORANDUM

TO: MATT PARK
ENBRIDGE INC.

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

DATE: JUNE 20, 2019

SUBJECT: GAZIFÈRE INC. – INDICATIVE CREDIT SPREAD

Dear Matt,

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) Terms to maturity of 2, 3, 5, 7 and 10 years;
- (ii) Principal amount of CAD\$6 million;
- (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:

Issuer	Issue	Amount	Remaining Term (Maturity / Call)	Spread Bond/Curve
Enbridge Gas Inc.	2.76% due 1-Jun-21	C\$200MM	2.0 / 1.9 (C)	61 / 60
Enbridge Gas Inc.	4.85% due 25-Apr-22	C\$125MM	2.9 / - (M)	72 / 72
Enbridge Gas Inc.	3.15% due 22-Aug-24	C\$215MM	5.2 / 4.9 (C)	87 / 87
Enbridge Gas Inc.	2.81% due 1-Jun-26	C\$250MM	7.0 / 6.7 (C)	100 / 101
Enbridge Gas Inc.	2.88% due 22-Nov-27	C\$250MM	8.4 / 8.2 (C)	112 / 112

Indicative spreads as at June 20, 2019

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

	Gazifère				
	2yr	3yr	5yr	7yr	10yr
Enbridge Gas Distribution Inc. new issue spread	60 bps	70 bps	88 bps	102 bps	127 bps
BBB- rating category and subordination adjustment	50 bps - 75bps	50 bps - 75bps	50 bps - 75bps	50 bps - 75bps	50 bps - 75bps
Negotiated private placement (liquidity premium)	25 bps - 50bps	25 bps - 50bps	25 bps - 50bps	25 bps - 50bps	25 bps - 50bps
Prepayment premium ⁽¹⁾	15 bps - 20bps	20 bps - 25bps	30 bps - 35bps	35 bps - 40bps	45 bps - 50bps
Indicative Spread	150 bps - 205bps	165 bps - 220bps	193 bps - 248bps	212 bps - 267bps	247 bps - 302bps
GoC Yield	1.39%	1.35%	1.31%	1.37%	1.43%
Approx. Indicative Coupon	2.89% - 3.44%	3.00% - 3.55%	3.24% - 3.79%	3.49% - 4.04%	3.90% - 4.45%

As at June 20, 2019

(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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