

ENBRIDGE INC  
Form 6-K  
November 15, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 6-K**

**Report of Foreign Issuer**  
**Pursuant to Rule 13a-16 or 15d-16 of**  
**the Securities Exchange Act of 1934**  
**Dated November 14, 2016**  
**Commission file number 001-15254**

**ENBRIDGE INC.**

**(Exact name of Registrant as specified in its charter)**

**Canada**  
**(State or other jurisdiction)**

**98-0377957**  
**(I.R.S. Employer Identification No.)**

**of incorporation or organization)**

**200, 425 1 Street S.W.**

**Calgary, Alberta, Canada T2P 3L8**

**(Address of principal executive offices and postal code)**

**(403) 231-3900**

**(Registrants telephone number, including area code)**

Indicate by check mark whether the Registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the Registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes

No

Indicate by check mark if the Registrant is submitting the Form 6-K in paper as permitted by regulation S-T Rule 101(b)(7):

Yes

No

Indicate by check mark whether the Registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If  Yes  is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b):

N/A

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM S-8 (FILE NO. 333-145236, 333-127265, 333-13456, 333-97305 AND 333-6436), FORM F-3 (FILE NO. 33-77022), FORM F-4 (FILE NO. 333-213764) AND FORM F-10 (FILE NO. 333-198566) OF ENBRIDGE INC. AND TO BE PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.



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The following documents are being submitted herewith:

1. Notice of Meeting and Management Information Circular; and
2. Form of Proxy.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENBRIDGE INC.  
(Registrant)

Date: November 14, 2016

By: /s/ Tyler W. Robinson

Tyler W. Robinson  
Vice President & Corporate Secretary

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**ENBRIDGE INC.**

Special Meeting of the Shareholders

to be held on December 15, 2016

in Calgary, Alberta

**NOTICE OF SPECIAL MEETING**

**and**

**MANAGEMENT INFORMATION CIRCULAR**

November 10, 2016

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November 10, 2016

Dear Shareholders:

You are invited to attend a special meeting (the **Enbridge Special Meeting**) of the holders (**Enbridge Shareholders**) of common shares (**Enbridge Common Shares**) of Enbridge Inc. (**Enbridge**) to be held at the Calgary Marriott Downtown Hotel, Kensington Room, 110 9<sup>th</sup> Avenue SE, Calgary, Alberta at 1:00 p.m. on December 15, 2016 for the purpose of considering, and if deemed advisable, approving, the issuance of Enbridge Common Shares (the **Enbridge Common Share Issuance**) and an amendment to the by-laws of Enbridge (the **By-law Amendment**), each in connection with the Agreement and Plan of Merger dated as of September 5, 2016 (the **Merger Agreement**) among Enbridge, Sand Merger Sub, Inc., a direct wholly-owned subsidiary of Enbridge, and Spectra Energy Corp (**Spectra Energy**). The Merger Agreement provides for the combination of Enbridge and Spectra Energy through a share-for-share merger, after which Spectra Energy will become a direct wholly-owned subsidiary of Enbridge (the **Merger**).

If the Merger is completed, Spectra Energy stockholders will receive 0.984 of an Enbridge Common Share for each share of Spectra Energy common stock that they own (the **Merger Consideration**). This exchange ratio is fixed and will not be adjusted to reflect changes in the prices of Spectra Energy common stock or Enbridge Common Shares prior to the completion of the Merger. The Enbridge Common Shares issued in connection with the Merger will be listed on the New York Stock Exchange (the **NYSE**) and the Toronto Stock Exchange.

The value of the Merger Consideration will fluctuate with the market price of Enbridge Common Shares. Based on the closing price of Enbridge Common Shares on the NYSE of US\$40.99 on September 2, 2016, the last trading day before the public announcement of the Merger Agreement on September 6, 2016, the exchange ratio represented approximately US\$40.33 in Enbridge Common Shares for each share of Spectra Energy common stock. Based on the closing price of Enbridge Common Shares on the NYSE of US\$42.07 on November 10, 2016, the exchange ratio represented approximately US\$41.40 in Enbridge Common Shares for each share of Spectra Energy common stock.

Please refer to the accompanying management information circular (the **Management Information Circular**) for a more detailed description of the Merger, including information about Spectra Energy, the terms and conditions of the Merger Agreement, the opinions of Enbridge's financial advisors, the Enbridge Common Share Issuance, the By-law Amendment and the risk factors relating to the completion of the Merger. Please give the Management Information Circular your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.

***The board of directors of Enbridge recommends that Enbridge Shareholders vote FOR the Enbridge Common Share Issuance and FOR the By-law Amendment.***

**Your vote is very important regardless of the number of Enbridge Common Shares you own.** The Merger cannot be completed without Enbridge Shareholders approving the Enbridge Common Share Issuance and the By-law Amendment. Enclosed with this letter is the Notice of Special Meeting and Management Information Circular and a form of proxy or voting instruction form. Please complete and deliver your proxy or voting instruction form prior to 6:00 p.m. (Calgary time) on December 13, 2016, to ensure your representation at the Enbridge Special Meeting.

Yours truly,

(signed) *Al Monaco*

Al Monaco,

President and Chief Executive Officer

Enbridge Inc.

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**ENBRIDGE INC.**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that a special meeting (the **Enbridge Special Meeting**) of the holders (**Enbridge Shareholders**) of common shares (**Enbridge Common Shares**) of Enbridge Inc. (**Enbridge**) will be held on December 15, 2016 at 1:00 p.m. (Calgary time) at the Calgary Marriott Downtown Hotel, Kensington Room, 110 9<sup>th</sup> Avenue SE, Calgary, Alberta for the purposes of:

1. considering, and if deemed advisable, passing with or without variation, an ordinary resolution (the **Enbridge Common Share Issuance Resolution**) authorizing and approving the issuance by Enbridge of such number of common shares in the capital of Enbridge as is necessary pursuant to the terms of the Agreement and Plan of Merger dated as of September 5, 2016 (the **Merger Agreement**) among Enbridge, Sand Merger Sub, Inc., a direct wholly-owned subsidiary of Enbridge, and Spectra Energy Corp;
2. considering, and if deemed advisable, passing with or without variation, an ordinary resolution (the **By-law Amendment Resolution**) ratifying, confirming and approving certain amendments to General By-law No. 1 of Enbridge, which amendments are conditional upon the completion of the merger with Spectra Energy Corp pursuant to the terms of the Merger Agreement; and
3. transacting such other business that may properly come before the Enbridge Special Meeting or any adjournment or postponement thereof.

This Notice of Special Meeting is accompanied by the management information circular dated November 10, 2016 (the **Management Information Circular**) and a voting instruction form or a form of proxy (as applicable). Enbridge Shareholders are referred to the Management Information Circular for more detailed information regarding the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution.

The directors of Enbridge have fixed November 7, 2016 as the record date. Enbridge Shareholders of record at the close of business on November 7, 2016 are entitled to notice of the Enbridge Special Meeting and to vote thereat or at any adjournment or postponement thereof.

In order to be valid and acted upon at the Enbridge Special Meeting, proxies must be received by Enbridge, c/o CST Trust Company, the Registrar and Transfer Agent of Enbridge, at P.O. Box 721, Agincourt, Ontario, M1S 0A1, Attention: Proxy Department or by fax: 1-866-781-3111 (toll-free in North America; outside of North America: 1-416-368-2502), not later than 6:00 p.m. (Calgary time) on December 13, 2016, or if the Enbridge Special Meeting is adjourned or postponed, not later than 6:00 p.m. (Calgary time) on the day that is two business days before the Enbridge Special Meeting is reconvened. Late proxies may be accepted or rejected by the Chairman at his discretion and the Chairman is under no obligation to accept or reject any particular late proxy. The time limit for the deposit of proxies may be waived or extended by the Chairman at his discretion without notice.

If you are a beneficial (non-registered) holder of Enbridge Common Shares and receive these materials through a broker or through another intermediary, you must provide your voting instructions or complete, sign and return the voting instruction form in accordance with the instructions provided by such broker or other intermediary.

**Your vote is very important, regardless of the number of Enbridge Common Shares you own.** The Merger cannot be completed without Enbridge Shareholders approving the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution. Whether or not you expect to attend in person, you should authorize a proxy to vote your Enbridge Common Shares as promptly as possible so that your Enbridge Common Shares may be represented and voted at the Enbridge Special Meeting.

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If you have any questions about the information contained in this Notice of Special Meeting and the accompanying Management Information Circular or require assistance in voting your Enbridge Common Shares, please contact Enbridge's strategic advisors and proxy solicitation and information agents:

**Canada and outside North America:** Kingsdale Shareholder Services, by telephone at 1-888-518-1554 (North American Toll Free) or 1-416-867-2272 (Collect Outside North America), or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

**United States:** MacKenzie Partners, Inc., by telephone at 1-800-322-2885 (North American Toll Free) or 1-212-929-5500 (Collect Outside North America), or by email at [enbridge@mackenziepartners.com](mailto:enbridge@mackenziepartners.com).

DATED at Calgary, Alberta, this 10<sup>th</sup> day of November, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) *Tyler W. Robinson*

Tyler W. Robinson

Vice President & Corporate Secretary

Enbridge Inc.

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**ENBRIDGE INC.**

**MANAGEMENT INFORMATION CIRCULAR**

**INFORMATION CONTAINED IN MANAGEMENT INFORMATION CIRCULAR**

This Management Information Circular dated November 10, 2016 is furnished in connection with the solicitation by management of Enbridge of proxies from Enbridge Shareholders for use at the Enbridge Special Meeting for the purposes set out in the accompanying Notice of Special Meeting. No person has been authorized to give any information or make any representation in connection with the Merger or any other matters described herein other than those statements and representations contained in this Management Information Circular. Information in this Management Information Circular is given as of November 10, 2016 or, in the case of information in a document incorporated by reference, as of the date of such document, unless the information specifically indicates that another date applies.

If you have any questions about the information contained in this Management Information Circular or require assistance in voting your Enbridge Common Shares, please contact:

**Canada and outside North America:** Kingsdale Shareholder Services, by telephone at 1-888-518-1554 (North American Toll Free) or 1-416-867-2272 (Collect Outside North America), or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

**United States:** MacKenzie Partners, Inc., by telephone at 1-800-322-2885 (North American Toll Free) or 1-212-929-5500 (Collect Outside North America), or by email at [enbridge@mackenziepartners.com](mailto:enbridge@mackenziepartners.com).

Enbridge has supplied all information contained in or incorporated by reference into this Management Information Circular relating to Enbridge, and Spectra Energy has supplied all information contained in or incorporated by reference into this Management Information Circular relating to Spectra Energy. With respect to information relating to Spectra Energy, the Enbridge board of directors has relied exclusively upon Spectra Energy, without independent verification by Enbridge. Although Enbridge does not have any knowledge that would indicate that such information is untrue or incomplete, neither Enbridge nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information including any of Spectra Energy's financial statements, or for the failure by Spectra Energy to disclose events or information that may affect the completeness or accuracy of such information. For further information regarding Spectra Energy, please refer to Spectra Energy's filings with the SEC which may be obtained at <http://www.sec.gov>. Except as otherwise indicated, the information contained in, or that can be accessed through, the SEC's website is not intended to be incorporated into this Management Information Circular.

Enbridge Shareholders should not construe the contents of this Management Information Circular as legal, tax or financial advice and should consult with their own professional advisors as to the relevant legal, tax, financial or other matters which pertain to their individual circumstances.

Capitalized terms used in this Management Information Circular and not otherwise defined have the meanings set forth under the heading *Glossary of Terms*.

**Cautionary Statement regarding Forward-Looking Statements**



Certain information provided in this Management Information Circular, including documents incorporated by reference herein, constitutes forward-looking statements or information (collectively, **forward-looking statements** ). This information has been included to provide readers with information about the Merger and Enbridge and Spectra Energy and their respective subsidiaries, including management's assessment of Enbridge's and its subsidiaries' future plans and operations. This information may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as anticipate, expect, project, estimate, forecast, plan, intend, target and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements included or incorporated by reference in this Management Information Circular include, but are not limited to, statements with respect to the following:

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expectations regarding whether the transactions contemplated by the Merger Agreement, including the Merger, the issuance of Enbridge Common Shares and the By-law Amendment, will be completed, including whether conditions to the completion of such transactions will be satisfied, or the timing for completing such transactions; future composition of the Enbridge board of directors and senior management of Enbridge; expectations for the effects of the transactions or the ability of the combined company to successfully achieve strategic objectives, including integrating the respective businesses of Enbridge and Spectra Energy, or the effects of unexpected costs, liabilities or delays; anticipated impact of the Merger on Enbridge, future growth opportunities, business prospects, natural gas and crude oil supply and demand dynamics, regulatory proceedings, receipt of regulatory approvals, transaction synergies and other perceived benefits of the Merger; expected EBIT, expected earnings/(loss), expected earnings/(loss) per share, expected ACFFO and expected ACFFO per share; expected costs related to proposed projects and projects under construction; expected in-service dates for proposed projects and projects under construction; expected capital expenditures; future financing requirements and plans and expected future sources of financing; estimated future dividends and expectations regarding the impact of the dividend payout policy and dividend payout expectation; expected future actions of regulators; expected costs related to leak remediation and potential insurance recoveries; operations, maintenance and replacement timing and costs; and expectations regarding commodity prices and supply forecasts.

Although Enbridge believes these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Material assumptions include assumptions about the following: expected timing and terms of the Merger; anticipated completion of the Merger; timely receipt of required regulatory, TSX, NYSE and shareholder/stockholder consents and approvals with respect to the Merger; the ability of the parties to the Merger to satisfy, in a timely manner, the other conditions to the closing; impact of the Merger; debt and equity market conditions; the expected supply of and demand for crude oil, natural gas, NGL and renewable energy; prices of crude oil, natural gas, NGL and renewable energy; exchange rates; inflation; interest rates; availability and price of labour and construction materials; operational reliability; customer and regulatory approvals; maintenance of support and regulatory approvals for proposed projects and projects under construction; anticipated in-service dates; weather; future cash flows; credit ratings; capital project funding; expected EBIT; expected earnings/(loss), expected earnings/(loss) per share, expected ACFFO; expected ACFFO per share; and estimated future dividends.

Assumptions regarding the expected supply of and demand for crude oil, natural gas, NGL and renewable energy, and the prices of these commodities, are material to and underlie all forward-looking statements. These factors are relevant to all forward-looking statements as they may impact current and future levels of demand for Enbridge's services. Similarly, exchange rates, inflation and interest rates impact the economies and business environments in which Enbridge operates and may impact levels of demand for Enbridge's services and cost of inputs, and are therefore inherent in all forward-looking statements. Due to the interdependencies and correlation of these macroeconomic factors, the impact of any one assumption on a forward-looking statement cannot be determined with certainty, particularly with respect to expected EBIT, earnings/(loss) and ACFFO and associated per share amounts, or estimated future dividends. The most relevant assumptions associated with forward-looking statements on proposed projects and projects under construction, including estimated completion dates and expected capital expenditures, include the following: the availability and price of labour and construction materials; the effects of inflation and foreign exchange rates on labour and material costs; the effects of interest rates on borrowing costs; the impact of weather; and customer and regulatory approvals on construction and in-service schedules.

Forward-looking statements of Enbridge are subject to risks and uncertainties pertaining to the possibility that the Merger does not close when expected or at all because required regulatory, shareholder/stockholder or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all; that Enbridge and Spectra Energy may be required to modify the terms and conditions of the Merger Agreement to

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achieve regulatory or shareholder/stockholder approval, or that the anticipated benefits of the Merger are not realized as a result of such things as the strength or weakness of the economy and competitive factors in the areas where Enbridge and Spectra Energy do business; general business and economic conditions in Canada, the United States and other countries in which Enbridge or Spectra Energy conduct business; the impact of the movement of the Canadian dollar relative to other currencies, particularly the U.S. dollar; the effects of competition in the markets in which Enbridge or Spectra Energy operate; the impact of changes in the laws and regulations regulating the oil and gas industries or affecting domestic and foreign operations; judicial or regulatory judgments and legal proceedings; ability to successfully integrate the two companies; success in retaining the services of executives, key personnel and other employees that the combined company needs in order to realize all of the anticipated benefits of the Merger; the risk that expected synergies and benefits of the Merger will not be realized within the expected time frame or at all; reputational risks; the outcome of various litigation and proceedings in which Enbridge or Spectra Energy are involved and the adequacy of reserves maintained therefor; and other factors that may affect future results of Enbridge or Spectra Energy, including changes in trade policies, timely development and introduction of new products and services, changes in tax laws, technological and regulatory changes, and adverse developments in general market, business, economic, labor, regulatory and political conditions. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent and Enbridge's future courses of action depend on management's assessment of all information available at the relevant time.

Readers should be cautioned that there is no assurance that the Merger will be completed in the manner contemplated, or at all, or that the current market conditions and the assumptions and forecasts based on such market conditions will not materially change.

**Non-GAAP Measures**

This Management Information Circular contains references to adjusted EBIT, adjusted earnings/(loss) and ACFFO. Adjusted EBIT represents EBIT adjusted for unusual, non-recurring or non-operating factors on both a consolidated and segmented basis. Adjusted earnings/(loss) represent earnings or loss attributable to Enbridge Shareholders adjusted for unusual, non-recurring or non-operating factors included in adjusted EBIT, as well as adjustments for unusual, non-recurring or non-operating factors in respect of interest expense, income taxes, noncontrolling interests and redeemable noncontrolling interests on a consolidated basis. These factors, referred to as adjusting items, are reconciled and discussed in the financial results sections for the affected business segments.

ACFFO is defined as cash flow provided by operating activities before changes in operating assets and liabilities (including changes in environmental liabilities) less distributions to noncontrolling interests and redeemable noncontrolling interests, preference share dividends and maintenance capital expenditures, and further adjusted for unusual, non-recurring or non-operating factors.

Management of Enbridge believes the presentation of adjusted EBIT, adjusted earnings/(loss) and ACFFO gives useful information to investors and shareholders as they provide increased transparency and insight into the performance of Enbridge. Management of Enbridge uses adjusted EBIT and adjusted earnings/(loss) to set targets and to assess the performance of Enbridge. Management of Enbridge also uses ACFFO to assess the performance of Enbridge and to set its dividend payout target. Adjusted EBIT, adjusted EBIT for each segment, adjusted earnings/(loss) and ACFFO are not measures that have standardized meaning prescribed by U.S. GAAP and are not U.S. GAAP measures. Therefore, these measures may not be comparable with similar measures presented by other issuers.

For a reconciliation of EBIT to earnings see Note 4 of the notes to Enbridge's amended consolidated financial statements filed on SEDAR for the fiscal year ended December 31, 2015 and Note 3 of the notes to Enbridge's

unaudited interim condensed consolidated financial statements filed on SEDAR for the nine months ended September 30, 2016, both of which are incorporated by reference into this Management Information Circular. For a reconciliation of ACFFO to cash provided by operating activities (a U.S. GAAP measure) see *Non-GAAP Reconciliation ACFFO* in Enbridge's management discussion and analysis of financial condition and results

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of operations for the three and nine months ended September 30, 2016 and *Non-GAAP Measures Available Cash Flow from Operations* in Enbridge's amended management discussion and analysis of financial condition and results of operations for the year ended December 31, 2015.

**Notice to U.S. Securityholders**

Enbridge is currently a foreign private issuer within the meaning of Rule 3b-4 under the U.S. Exchange Act. As a foreign private issuer, Enbridge is exempt from rules under the U.S. Exchange Act that impose disclosure requirements, as well as procedural requirements, for proxy solicitations under Section 14 of the U.S. Exchange Act. Accordingly, the solicitation contemplated herein is being made to Enbridge Shareholders resident in the U.S. only in accordance with applicable Canadian corporate and securities laws, and this Management Information Circular has been prepared in accordance with the disclosure requirements of applicable Canadian securities laws. Enbridge Shareholders resident in the U.S. should be aware that, in general, such Canadian disclosure requirements are different from those applicable to proxy statements, prospectuses or registration statements prepared in accordance with U.S. laws. The financial statements of Enbridge incorporated by reference herein and Spectra Energy attached as Schedule A and Schedule B to *Appendix F Information Concerning Spectra Energy Corp* have been prepared in accordance with U.S. GAAP.

In connection with the Merger, Enbridge and Spectra Energy have filed relevant materials with the SEC, including an Enbridge U.S. registration statement on Form F-4 that includes a proxy statement of Spectra Energy and constitutes a prospectus of Enbridge (the **proxy statement/prospectus**), which will be the sole means pursuant to which Enbridge will offer any securities to U.S. holders of shares of Spectra Energy common stock in connection with the Merger.

Enbridge is organized under the laws of Canada. A substantial portion of Enbridge's assets are located outside the U.S., and many of Enbridge's directors and officers and some of the experts named in this Management Information Circular or documents incorporated by reference herein are residents of jurisdictions outside of the U.S. As a result, it may be difficult for investors to effect service within the U.S. upon Enbridge and those directors, officers and experts, or to realize in the U.S. upon judgments of courts of the U.S. predicated upon civil liability of Enbridge and such directors, officers and experts under U.S. federal securities laws. There is uncertainty as to the enforceability in Canada by a court in original actions, or in actions to enforce judgments of U.S. courts, of the civil liabilities predicated upon the federal securities laws.

**Information Incorporated by Reference**

The following documents, filed with the securities commissions or similar regulatory authorities in Canada and with the SEC, are specifically incorporated by reference in, and form an integral part of, this Management Information Circular, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Management Information Circular or in any other subsequently filed document that is also incorporated by reference in this Management Information Circular:

1. annual information form of Enbridge dated February 19, 2016 for the year ended December 31, 2015;
2. amended consolidated comparative financial statements of Enbridge for the years ended December 31, 2015 and 2014 and the auditors' report thereon;

3. amended management's discussion and analysis of financial condition and results of operations of Enbridge for the year ended December 31, 2015;
4. unaudited interim comparative consolidated financial statements of Enbridge for the three and nine months ended September 30, 2016;
5. management's discussion and analysis of financial condition and results of operations for the three and nine months ended September 30, 2016;

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6. material change report of Enbridge filed on September 7, 2016 announcing the entering into of the Merger Agreement;
7. management information circular of Enbridge dated March 8, 2016 relating to the annual meeting of Enbridge Shareholders held on May 12, 2016;
8. the following sections of the annual report on Form 10-K of Spectra Energy for the year ended December 31, 2015:
  - (a) Part I. Item 1A. Risk Factors (pages 27 to 32);
  - (b) Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (pages 35 to 63);
  - (c) Part II. Item 9A. Controls and Procedures (pages 122 to 123);
9. the following sections of the definitive proxy statement on Form DEF 14A of Spectra Energy filed March 16, 2016:
  - (a) Information on our Nominees (pages 4 to 9);
  - (b) Corporate Governance (pages 10 to 14);
  - (c) Report of the Corporate Governance Committee (pages 15 to 17);
  - (d) Director Compensation (page 18);
  - (e) Report of the Audit Committee (page 22);
  - (f) Compensation Discussion and Analysis (pages 34 to 51); and
  - (g) Compensation Tables (pages 52 to 61);
- 10.



the following sections of the quarterly report on Form 10-Q of Spectra Energy for the quarter ended September 30, 2016:

- (a) Part I. Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations (pages 34 to 46);
- (b) Part I. Item 3. Quantitative and Qualitative Disclosures about Market Risk (page 46);
- (c) Part I. Item 4. Controls and Procedures (page 46);
- (d) Part II. Other Information (pages 47-49);

11. current reports on Form 8-K of Spectra Energy filed March 1, 2016, April 8, 2016, May 2, 2016 (two Form 8-Ks), September 6, 2016, October 4, 2016 and November 2, 2016 (Item 8.01).

Any documents of the type referred to above, any audited annual consolidated financial statements, unaudited interim consolidated financial statements and related management's discussion and analysis, any material change reports (except confidential material change reports) and business acquisition reports filed by Enbridge or Spectra Energy with the various securities commissions or similar authorities in Canada, which will be subsequently filed by Enbridge on SEDAR, after the date of this Management Information Circular and prior to the Effective Time, shall be deemed to be incorporated by reference into this Management Information Circular.

The foregoing documents may be viewed on SEDAR at <http://www.sedar.com> and are also available on request without charge from Enbridge's Corporate Secretary by sending a written request to 200, 425<sup>st</sup> Street S.W., Calgary, Alberta, T2P 3L8, by faxing a written request to 1-403-231-5929, by calling 1-403-231-3900 or by sending an e-mail to [corporatesecretary@enbridge.com](mailto:corporatesecretary@enbridge.com).

### **Currency**

All references in this Management Information Circular to dollars or \$ are to Canadian dollars, unless otherwise indicated. All references in this Management Information Circular to US\$ are to U.S. dollars.

**Table of Contents****Currency Exchange Rate Data**

The following table shows, for the years and dates indicated, certain information regarding the Canadian dollar/U.S. dollar exchange rate. The information is based on the noon exchange rate as reported by the Bank of Canada. Such exchange rate on November 10, 2016 was C\$1.3475 = US\$1.00.

	<b>Period End</b>	<b>Average<sup>(1)</sup></b>	<b>Low</b>	<b>High</b>
<b>Year ended December 31, (C\$ per US\$)</b>				
2015	1.3840	1.2787	1.1728	1.3990
2014	1.1601	1.1045	1.0614	1.1643
2013	1.0636	1.0299	0.9839	1.0697
2012	0.9949	0.9996	0.9710	1.0418
2011	1.0170	0.9891	0.9449	1.0604

	<b>Low</b>	<b>High</b>
<b>Month ended, (C\$ per US\$)</b>		
October 2016	1.3104	1.3403
September 2016	1.2843	1.3248
August 2016	1.2775	1.3180
July 2016	1.2844	1.3225
June 2016	1.2695	1.3091
May 2016	1.2548	1.3136
April 2016	1.2544	1.3170

**Note:**

(1) The average of the noon buying rates during the relevant period.

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**GLOSSARY OF TERMS**

**2014 Spectra Energy PSU** means each outstanding Spectra Energy performance stock unit granted in the 2014 calendar year;

**2015 Spectra Energy PSU** means each outstanding Spectra Energy performance stock unit granted in the 2015 calendar year;

**ACFFO** means available cash flow from operations, as further described in the section entitled *Information Contained in Management Information Circular – Non-GAAP Measures* ;

**acquisition proposal** has the meaning given to such term in the section entitled *The Merger Agreement – No Solicitation* ;

**Advisory Compensation Proposal** means the proposal to Spectra Energy stockholders to consider and vote to approve, on an advisory (non-binding) basis, certain specified compensation that will or may be paid by Spectra Energy to its named executive officers that is based on or otherwise relates to the Merger;

**alternative acquisition agreement** has the meaning given to such term in the section entitled *The Merger Agreement – Board of Directors Recommendations* ;

**Amended By-law No. 1** means By-law No. 1, after giving effect to the By-law Amendment;

**Beneficial Shareholders** means Enbridge Shareholders who do not hold Enbridge Common Shares in their own name (i.e. non-registered Enbridge Shareholders);

**Broadridge** means Broadridge Financial Solutions, Inc.;

**By-law Amendment** means certain amendments to General By-law No. 1 of Enbridge, which amendments are conditional upon the completion of the Merger pursuant to the terms of the Merger Agreement;

**By-law Amendment Resolution** means an ordinary resolution of Enbridge Shareholders ratifying, confirming and approving certain amendments to General By-law No. 1 of Enbridge, which amendments are conditional upon the completion of the Merger pursuant to the terms of the Merger Agreement, as more fully described in the section entitled *General Information for the Meeting – By-law Amendment Resolution* ;

**By-law No. 1** means General By-law No. 1 of Enbridge, before giving effect to the By-law Amendment;

**Canada Corporations Act** means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, and the regulations promulgated thereunder;

**Canada Transportation Act** means the *Canada Transportation Act*, S.C. 1996, c.10, and the regulations promulgated thereunder;

**Canada Transportation Act Approval** means written approval by the Minister of Transport under the Canada Transportation Act;

**Canadian Exchange Offer** refers to the offer by Enbridge to each Canadian Spectra Energy shareholder to purchase all of the shares of Spectra Energy common stock held by such Canadian Spectra Energy shareholder in exchange for the Merger Consideration;

**Canadian Spectra Energy shareholder** refers to each holder of Spectra Energy common stock who is (i) a resident of Canada for the purposes of the Canadian Tax Act or (ii) a partnership, at least one partner of which is a resident of Canada for the purposes of the Canadian Tax Act;

**Canadian Tax Act** means the *Income Tax Act*, R.S.C. 1985, c. 1<sup>14</sup>(Supp), and the regulations promulgated thereunder;

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**CFIUS** means the Committee on Foreign Investment in the United States;

**CFIUS Clearance** has the meaning given to such term in the section entitled *The Merger Agreement Filings; Other Actions; Notification CFIUS Clearance* ;

**CFIUS Notice** has the meaning given to such term in the section entitled *The Merger Regulatory Approvals Required for the Merger CFIUS* ;

**change of recommendation** has the meaning given to such term in the section entitled *The Merger Agreement Board of Directors Recommendations* ;

**Closing Date** refers to the date on which the Merger is completed;

**Code** means the Internal Revenue Code of 1986, as amended;

**Competition Act (Canada)** means the *Competition Act*, R.S.C. 1985, c. C-34, and the regulations promulgated thereunder;

**Competition Act (Canada) Clearance** has the meaning given to such term in the section entitled *Summary Regulatory Approvals Required for the Merger* ;

**Confidentiality Agreement** means the confidentiality agreement dated as of June 17, 2016, between Enbridge and Spectra Energy;

**continuing employees** has the meaning given to such term in the section entitled *The Merger Agreement Employee Benefits* ;

**Continuing Enbridge Directors** has the meaning given to such term in the section entitled *General Information for the Meeting By-law Amendment Resolution* ;

**Continuing Spectra Energy Directors** has the meaning given to such term in the section entitled *General Information for the Meeting By-law Amendment Resolution* ;

**Credit Suisse** means Credit Suisse Securities (Canada), Inc., one of Enbridge's financial advisors engaged in connection with the Merger;

**D&O insurance** has the meaning given to such term in the section entitled *The Merger Agreement Director & Officer Indemnification and Insurance* ;

**DBRS** means DBRS Limited;

**divestiture action** has the meaning given to such term in the section entitled *The Merger Agreement Filings; Other Actions; Notification Certain Limitations on Spectra Energy's and Enbridge's Obligations to Obtain Antitrust Approvals* ;

**divestiture agreement** has the meaning given to such term in the section entitled *The Merger Agreement Filings; Other Actions; Notification Antitrust Approvals* ;

**DOJ** means the Antitrust Division of the U.S. Department of Justice;

**DPA** means the Defense Protection Act of 1950, as amended;

**DRIP** means Enbridge's dividend reinvestment and share purchase plan;

**EBIT** means earnings before interest and taxes;

**Effective Time** refers to the time on the Closing Date at which the Merger becomes effective as specified in the certificate of merger of Spectra Energy and Merger Sub to be filed with the Secretary of State of the State of Delaware;

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**Eligible Shares** means each share of Spectra Energy common stock issued and outstanding immediately prior to the Effective Time (other than shares of Spectra Energy common stock owned directly by Enbridge, Merger Sub or Spectra Energy, and in each case not held on behalf of third parties);

**Enbridge** means Enbridge Inc., a Canadian corporation;

**Enbridge board recommendation** refers to the recommendation of the Enbridge board of directors for the Enbridge Shareholders to vote to approve the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution;

**Enbridge Common Shares** means the common shares in the capital of Enbridge, without par value;

**Enbridge Common Share Issuance** means the issuance by Enbridge of common shares in the capital of Enbridge pursuant to the terms of the Merger Agreement;

**Enbridge Common Share Issuance Resolution** means an ordinary resolution of Enbridge Shareholders authorizing and approving the issuance by Enbridge of such number of common shares in the capital of Enbridge as is necessary pursuant to the terms of the Merger Agreement, as more fully described in the section entitled *General Information for the Meeting Enbridge Common Share Issuance Resolution* ;

**Enbridge DSU** means a notional share that has the same value as one Enbridge Common Share;

**Enbridge Shareholders** means the holders of Enbridge Common Shares;

**Enbridge Special Meeting** means the special meeting of the Enbridge Shareholders to be held at 1:00 p.m. (Calgary time) on December 15, 2016 at the Calgary Marriott Downtown Hotel, Kensington Room, 110 9<sup>th</sup> Avenue SE, Calgary, Alberta and any adjournments or postponements thereof to consider the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution;

**Enbridge Stock-Based RSU** has the meaning given to such term in the section entitled *The Merger Agreement Treatment of Spectra Energy Equity Awards Post - 2015 Performance Stock Units* ;

**Enbridge termination fee** has the meaning given to such term in the section entitled *The Merger Agreement Termination of the Merger Agreement Termination Fees* ;

**Exchange Agent** refers to a nationally recognized financial institution or trust company selected by Enbridge with Spectra Energy's prior approval;

**Exchange Ratio** refers to 0.984 of a validly issued, fully paid and non-assessable Enbridge Common Share for each share of Spectra Energy common stock;

**FERC** means the Federal Energy Regulatory Commission;

**forward-looking statements** has the meaning given to such term in the section entitled *Information Contained in Management Information Circular Cautionary Statement regarding Forward-looking Statements* ;

**FTC** means the Federal Trade Commission;

**Governance Committee** means the governance committee of the board of directors of Enbridge;

**HSR Act** means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder;

**intervening event** has the meaning given to such term in the section entitled *The Merger Agreement Board of Directors Recommendations* ;



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**Management Information Circular** means this management information circular of Enbridge dated November 10, 2016, together with all appendices hereto and documents incorporated by reference herein;

**material adverse effect** has the meaning given to such term in the section entitled *The Merger Agreement – Material Adverse Effect* ;

**McCarthy Tétrault** means McCarthy Tétrault LLP, Enbridge's Canadian legal counsel engaged in connection with the Merger;

**Merger** refers to the proposed merger of Merger Sub with and into Spectra Energy, pursuant to which Spectra Energy will survive the merger as a direct wholly-owned subsidiary of Enbridge;

**Merger Agreement** refers to the Agreement and Plan of Merger, dated as of September 5, 2016, among Enbridge, Merger Sub and Spectra Energy, as it may be amended;

**Merger Consideration** refers to the conversion of each Eligible Share into the right to receive 0.984 of a validly issued, fully paid and non-assessable Enbridge Common Share;

**Merger Proposal** means the proposal to Spectra Energy stockholders to consider and vote to adopt the Merger Agreement, pursuant to which Merger Sub will merge with and into Spectra Energy, with Spectra Energy surviving the Merger as a direct wholly-owned subsidiary of Enbridge;

**Merger Sub** refers to Sand Merger Sub, Inc., a Delaware corporation and a direct wholly-owned subsidiary of Enbridge;

**Moody's** means Moody's Investor Service, Inc.;

**NEB** means the National Energy Board;

**NGL** means natural gas liquids;

**NYSE** means the New York Stock Exchange;

**Notice of Special Meeting** means the notice regarding the Enbridge Special Meeting accompanying this Management Information Circular;

**OEB** means the Ontario Energy Board;

**Post-2015 Spectra Energy PSU** means each outstanding Spectra Energy performance stock unit granted after December 31, 2015;

**proxy statement/prospectus** has the meaning given to such term in the section entitled *Information Contained in Management Information Circular – Notice to U.S. Securityholders* ;

**RBC** means RBC Dominion Securities Inc., one of Enbridge's financial advisors engaged in connection with the Merger;

**S&P** means Standard & Poor's Ratings Services;

**SEC** means the U.S. Securities and Exchange Commission;

**SEDAR** means the System for Electronic Document Analysis and Retrieval;

**SEP** means Spectra Energy Partners, LP;

**Specified Board Period** has the meaning given to such term in the section entitled *General Information for the Meeting By-law Amendment Resolution* ;

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**Specified Chair Period** has the meaning given to such term in the section entitled *General Information for the Meeting By-law Amendment Resolution* ;

**Spectra Energy** refers to Spectra Energy Corp, a Delaware corporation;

**Spectra Energy board recommendation** refers to the recommendation of the Spectra Energy board of directors for the Spectra Energy stockholders to vote to adopt the Merger Agreement;

**Spectra Energy common stock** means the outstanding shares of Spectra Energy s common stock, par value US\$0.001 per share;

**Spectra Energy Designees** has the meaning given to such term in the section entitled *The Merger Board of Directors and Management of Enbridge after the Merger Board of Directors* ;

**Spectra Energy option** means each outstanding option to purchase Spectra Energy common stock;

**Spectra Energy performance stock unit** means an outstanding performance stock unit denominated in shares of Spectra Energy common stock;

**Spectra Energy phantom unit** means each outstanding phantom unit denominated in Spectra Energy common stock;

**Spectra Energy Special Meeting** means the special meeting of the Spectra Energy stockholders to be held on December 15, 2016 at 2:00 p.m. (Central time) at 5400 Westheimer Court, Houston, Texas 77056 and any adjournments or postponements thereof to consider the Merger Proposal and the Advisory Compensation Proposal;

**Spectra Energy stockholders** refers to the holders of Spectra Energy common stock, par value US\$0.001 per share;

**Spectra Energy termination fee** has the meaning given to such term in the section entitled *The Merger Agreement Termination of the Merger Agreement Termination Fees* ;

**Sullivan & Cromwell** means Sullivan & Cromwell LLP, Enbridge s outside U.S. legal counsel engaged in connection with the Merger;

**superior proposal** has the meaning given to such term in the section entitled *The Merger Agreement No Solicitation* ;

**Surviving Corporation** has the meaning given to such term in the section entitled *Summary The Merger and the Merger Agreement* ;

**tail period** has the meaning given to such term in the section entitled *The Merger Agreement Director & Officer Indemnification and Insurance* ;

**TSX** means the Toronto Stock Exchange;

**Union Gas** means Union Gas Limited, a subsidiary of Spectra Energy;

**U.S. GAAP** means accounting principles generally accepted in the United States;

**U.S.** or **United States** means the United States of America;

**U.S. Exchange Act** means the U.S. Securities Exchange Act of 1934, as amended;

**U.S. Securities Act** means the U.S. Securities Act of 1933, as amended; and

**Wachtell Lipton** means Wachtell, Lipton, Rosen & Katz, Spectra Energy's outside U.S. legal counsel engaged in connection with the Merger.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE ENBRIDGE SPECIAL MEETING**

*The following questions and answers are intended to briefly address some commonly asked questions regarding the Merger and matters to be addressed at the Enbridge Special Meeting. These questions and answers may not address all questions that may be important to you. To better understand these matters, and for a description of the legal terms governing the Merger, you should carefully read this entire Management Information Circular, including the attached appendices, as well as the documents that have been incorporated by reference into this Management Information Circular. For more information, see the section entitled Information Contained in Management Information Circular .*

**Q: What is the Merger?**

On September 5, 2016, Enbridge entered into the Merger Agreement among Enbridge, Merger Sub and Spectra Energy. The Merger Agreement provides for the combination of Enbridge and Spectra Energy through a share-for-share merger, after which Spectra Energy will become a direct wholly-owned subsidiary of Enbridge.

**Q: When and where will the Enbridge Special Meeting be held?**

The Enbridge Special Meeting will be held on December 15, 2016 at 1:00 p.m. (Calgary time) at the Calgary Marriott Downtown Hotel, Kensington Room, 110 9<sup>th</sup> Avenue SE, Calgary, Alberta.

**Q: Why is the Enbridge Special Meeting being held?**

The Enbridge Special Meeting is being held so that Enbridge Shareholders may consider, and if deemed advisable, pass with or without variation, the following ordinary resolutions:

1. **Enbridge Common Share Issuance Resolution:** authorizing and approving the issuance by Enbridge of such number of common shares in the capital of Enbridge as shall be necessary pursuant to the terms of the Merger Agreement; and
2. **By-law Amendment Resolution:** ratifying, confirming and approving certain amendments to General By-law No. 1 of Enbridge, which amendments are conditional upon the completion of the Merger pursuant to the terms of the Merger Agreement.

The Merger cannot be completed without Enbridge Shareholders approving both the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution.

**Q: Why am I receiving this Notice of Special Meeting and Management Information Circular?**

As required by law, you are receiving this Notice of Special Meeting and Management Information Circular in connection with the solicitation by or on behalf of the Enbridge board of directors and management of Enbridge of proxies of Enbridge Shareholders to vote ***FOR*** the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution.

**Q: Does the Enbridge board of directors recommend that I vote *FOR* the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution?**

Yes. At its meeting held on September 5, 2016, after due consideration and consultation with Enbridge's management and outside legal and financial advisors, the Enbridge board of directors unanimously determined, by all directors present, that the Merger is in the best interests of Enbridge and resolved to recommend that Enbridge Shareholders vote in favour of the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution. ***The board of directors of Enbridge recommends that Enbridge Shareholders vote FOR the Enbridge Common Share Issuance Resolution and FOR the By-law Amendment Resolution.***

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**Q: How will Enbridge's directors and executive officers vote?**

It is expected that the Enbridge directors and executive officers who are Enbridge Shareholders will vote ***FOR*** the Enbridge Common Share Issuance Resolution and ***FOR*** the By-law Amendment Resolution, although none of them has entered into any agreement requiring them to do so.

As of the record date for the Enbridge Special Meeting, the Enbridge directors and executive officers had the right to vote approximately 1,524,040 Enbridge Common Shares, representing approximately 0.16% of the Enbridge Common Shares then outstanding and entitled to vote at the Enbridge Special Meeting.

**Q: What are Enbridge's reasons for the Merger?**

In approving the Merger Agreement, the Enbridge board of directors considered the business, assets, and liabilities, results of operations, financial performance, strategic direction and prospects of Enbridge and Spectra Energy, with a view to the best interests of Enbridge and its stakeholders, including Enbridge Shareholders, employees, debtholders and other creditors, customers, governments and the environment, among others. A detailed description of the factors that the Enbridge board of directors considered is included at the section entitled *The Merger – Enbridge's Reasons for the Merger*. After consideration of the various factors, the Enbridge board of directors determined that, overall, the potential benefits of the Merger outweighed the potential risks.

**Q: What will Spectra Energy stockholders receive if the Merger is completed?**

If the Merger is completed, Spectra Energy stockholders will receive 0.984 of an Enbridge Common Share for each share of Spectra Energy common stock that they own. This Exchange Ratio is fixed and will not be adjusted to reflect changes in the price of Spectra Energy common stock or Enbridge Common Shares prior to the completion of the Merger. The Enbridge Common Shares issued in connection with the Merger will be listed on the TSX and the NYSE.

**Q: What is the maximum number of Enbridge Common Shares issuable pursuant to the Merger Agreement?**

Based on the number of shares of Spectra Energy common stock, stock options, phantom units, performance stock units and certain other equity-based awards outstanding as of October 31, 2016, Enbridge will issue approximately 694,771,332 Enbridge Common Shares to Spectra Energy stockholders pursuant to the Merger Agreement. The actual number of Enbridge Common Shares to be issued pursuant to the Merger Agreement will be determined at the Effective Time based on the Exchange Ratio, the number of shares of Spectra Energy common stock outstanding at such time and the number of Spectra Energy stock options, phantom units, performance stock units and certain other equity-based awards outstanding at such time.

**Q: Following the completion of the Merger, what percentage of the outstanding shares of the combined company will Spectra Energy stockholders own?**

Enbridge expects that, immediately following completion of the Merger, former holders of Spectra Energy common stock will hold approximately 42.38% (on a fully diluted basis) of the outstanding Enbridge Common Shares.

**Q: Is the obligation of each of Enbridge and Spectra Energy to complete the Merger subject to any conditions?**

Yes. The completion of the Merger is subject to the satisfaction or waiver of a number of conditions including, among others, (i) the adoption of the Merger Agreement by an affirmative vote of the holders of a majority of all





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of the outstanding shares of Spectra Energy common stock entitled to vote at the Spectra Energy Special Meeting, (ii) the approval of each of the issuance of Enbridge Common Shares in connection with the Merger and the By-law Amendment by a majority of the votes cast in respect of such matters by holders of Enbridge Common Shares present in person or represented by proxy at the Enbridge Special Meeting, (iii) the approval for listing on the NYSE and the TSX of the Enbridge Common Shares to be issued to Spectra Energy stockholders in connection with the Merger, subject to official notice of issuance, (iv) the expiration or early termination of the applicable waiting period under the HSR Act, (v) receipt of the Competition Act (Canada) Clearance, (vi) receipt of the Canada Transportation Act Approval, (vii) approval by CFIUS, (viii) the absence of any law, injunction or other order that prohibits the completion of the Merger, (ix) the absence of proceedings by certain governmental antitrust entities relating to the Merger or the other transactions contemplated by the Merger Agreement that could subject Enbridge or Spectra Energy or any of their respective subsidiaries, directors, officers or employees to criminal or quasi-criminal penalties or material monetary sanctions, (x) the Enbridge U.S. registration statement on Form F-4 having been declared effective by the SEC and (xi) other customary closing conditions, including the accuracy of each party's representations and warranties (subject to specified materiality qualifiers), and each party's material compliance with its covenants and agreements contained in the Merger Agreement. For a more detailed discussion of the conditions to the completion of the Merger, see the section entitled *The Merger Agreement – Conditions that Must Be Satisfied or Waived for the Merger to Occur*.

**Q: Are there risks associated with the Merger?**

Yes. Before making a decision on whether and how to vote, you are urged to carefully read the section entitled *Risk Factors*.

**Q: When will the Merger be completed?**

Enbridge and Spectra Energy are working to complete the Merger as quickly as possible. In addition to regulatory and shareholder/stockholder approvals, other important conditions to the completion of the Merger exist. Assuming the satisfaction of all necessary conditions, Enbridge expects to complete the Merger in the first quarter of 2017. The Merger Agreement contains an outside date and time of 5:00 p.m. Eastern Time on March 31, 2017 for the completion of the Merger, which may be extended by intervals of three months, up to a date not beyond December 29, 2017, by either Enbridge or Spectra Energy in certain circumstances. For a discussion of the conditions to the completion of the Merger, see the sections entitled *The Merger – Regulatory Approvals Required for the Merger* and *The Merger Agreement – Conditions that Must Be Satisfied or Waived for the Merger to Occur*.

**Q: What happens if the Merger is not completed?**

If the Merger is not completed for any reason, Spectra Energy stockholders will not receive any consideration for their Spectra Energy common stock, and Enbridge and Spectra Energy will each remain public companies independent of one another.

**Q: Who is entitled to vote at the Enbridge Special Meeting?**

Only Enbridge Shareholders of record at the close of business on November 7, 2016, which is the record date for the Enbridge Special Meeting, are entitled to notice of the Enbridge Special Meeting and to vote thereat or at any adjournment or postponement thereof. As of the close of business on November 7, 2016, there were issued and outstanding a total of 938,681,216 Enbridge Common Shares. Each issued and outstanding Enbridge Common Shares on the record date is entitled to one vote on each of the resolutions to be considered and voted on at the Enbridge Special Meeting.

**Q: What is the quorum for the Enbridge Special Meeting?**

At least three persons holding, or representing by proxy, at least 25% of the issued and outstanding Enbridge Common Shares entitled to vote at the Enbridge Special Meeting must be present at the Enbridge Special Meeting in order to constitute a quorum. If you submit a properly executed form of proxy or vote by telephone or the Internet, you will be considered part of the quorum.

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**Q: What vote is required to approve each resolution?**

The Merger cannot be completed without Enbridge Shareholders approving the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution. Approval of each of the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution requires the affirmative vote of a majority of the votes cast in respect of the respective resolutions by holders of Enbridge Common Shares present in person or represented by proxy at the Enbridge Special Meeting. The board of directors of Enbridge recommends that Enbridge Shareholders vote ***FOR*** the Enbridge Common Share Issuance Resolution and ***FOR*** the By-law Amendment Resolution.

Your vote is very important, regardless of the number of Enbridge Common Shares you own. Whether or not you expect to attend in person, you should authorize a proxy to vote your Enbridge Common Shares as promptly as possible so that your Enbridge Common Shares may be represented and voted at the Enbridge Special Meeting.

**Q: How do I vote my Enbridge Common Shares?**

Enbridge Shareholders whose Enbridge Common Shares are registered in their names may vote their Enbridge Common Shares in the following ways:

**Telephone:** using a touch-tone telephone by calling 1-888-489-7352 (toll-free).

**Internet:** through the internet at <http://www.cstvotemyproxy.com>.

**Mail or Fax:** by completing the enclosed form of proxy and signing, dating and returning the form of proxy using the enclosed return envelope or sending it to:

CST Trust Company

Attention: Proxy Department

P.O. Box 721

Agincourt, Ontario, M1S 0A1

Attention: Proxy Department

Fax: 1-866-781-3111 (toll-free in North America; outside of North America: 1-416-368-2502)

**In Person:** attending the Enbridge Special Meeting and voting in person.

If your Enbridge Common Shares are not registered in your name, but are held in the name of a nominee (usually a bank, trust company, securities broker or other financial institution), you should have received a package of materials from your nominee and you should follow the instructions therein. In addition, Beneficial Shareholders may be contacted by Kingsdale Shareholder Services and MacKenzie Partners Inc., Enbridge's strategic advisors and proxy solicitation agents, to conveniently obtain a vote directly over the telephone. Beneficial Shareholders who wish to

attend the Enbridge Special Meeting and indirectly vote their Enbridge Common Shares may only do so as proxyholder for the registered Enbridge Shareholder.

**Q: What is a proxy?**

A proxy is your legal designation of another person, referred to as a proxyholder, to vote your Enbridge Common Shares. The document used to designate a proxyholder to vote your Enbridge Common Shares is called a form of proxy .

**Q: Can I appoint someone other than the person(s) designated by management of Enbridge to vote my Enbridge Common Shares?**

Yes. An Enbridge Shareholder who wishes to appoint some other person (who is not required to be an Enbridge Shareholder) as his or her representative at the Enbridge Special Meeting may do so either by inserting such person's name in the blank space provided in the form of proxy and deleting the names printed thereon or by completing a proper proxy. Such Enbridge Shareholder should notify the nominee of his or her appointment and instruct the nominee on how the Enbridge Common Shares are to be voted.

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**Q: If I am not going to attend the Enbridge Special Meeting, should I return my form of proxy or otherwise vote my Enbridge Common Shares?**

Yes. Completing, signing, dating and returning the form of proxy by mail or fax, submitting a proxy by calling the toll-free number shown on the form of proxy or submitting a proxy by visiting the website shown on the form of proxy ensures that your shares will be represented and voted at the Enbridge Special Meeting, even if you otherwise do not attend.

**Q: Can I change my vote?**

Yes. If you are a registered Enbridge Shareholder, you can change a vote you made by proxy by voting again on the internet or by telephone, or completing a new form of proxy that is dated later than the form of proxy previously submitted and mailing it or faxing it to CST Trust Company. Your new instructions will revoke your earlier instructions. CST Trust Company must receive your new instructions by 6:00 p.m. (Calgary time) on December 13, 2016 regardless of the voting method you choose. If the Enbridge Special Meeting is adjourned or postponed, CST Trust Company must receive your new instructions by 6:00 p.m. (Calgary time) two business days before the Enbridge Special Meeting is reconvened.

If you are a Beneficial Shareholder, contact your nominee for instructions on how to change your vote.

**Q: Can I revoke my vote?**

Yes. If you are a registered Enbridge Shareholder, you can revoke a vote you made by proxy by:

    sending CST Trust Company notice in writing (from you or a person authorized to sign on your behalf). CST Trust Company must receive it by 6:00 p.m. (Calgary time) on December 14, 2016, or by 6:00 p.m. (Calgary time) on the business day before the meeting is reconvened if it was adjourned or postponed. Send your notice to CST Trust Company, at P.O. Box 721, Agincourt, Ontario, M1S 0A1, Attention: Proxy Department or by fax: 1-866-781-3111 (toll-free in North America; outside of North America: 1-416-368-2502);

    giving your notice to the Chair of the Enbridge Special Meeting before the start of the meeting. If you give the Chair of the Enbridge Special Meeting your notice after the meeting has started, your revocation will apply only to the items of business that have not already been voted on; or

    in any other manner permitted by law.

If your Enbridge Common Shares are owned by a corporation, your notice must be executed under corporate seal or by a duly authorized officer or attorney of the corporation.

If you are a Beneficial Shareholder, contact your nominee for instructions on how to revoke your vote.

**Q: What do I need to do now in order to vote on the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution?**

You should carefully read and consider the information contained in this Management Information Circular. Registered Enbridge Shareholders should then complete, sign and date the enclosed form of proxy and return it in the enclosed return envelope or by fax: 1-866-781-3111 (toll-free in North America; outside of North America: 1-416-368-2502), so that your Enbridge Common Shares may be voted at the Enbridge Special Meeting. To vote by internet, please access <http://www.cstvotemyproxy.com> and follow the online voting instructions. To vote using the telephone voting services, call 1-888-489-7352 (toll-free). Please complete and deliver your proxy or voting instruction form prior to 6:00 p.m. (Calgary time) on December 13, 2016, to ensure your representation at the Enbridge Special Meeting.

If your Enbridge Common Shares are not registered in your name, but are held in the name of a nominee (usually a bank, trust company, securities broker or other financial institution), you should follow the instructions provided by your nominee to ensure your vote is counted at the Enbridge Special Meeting.

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**Q: Who can answer my questions?**

If you have any questions about the information contained in this Management Information Circular or require assistance in completing your form of proxy or voting instruction form, please contact Enbridge's strategic advisors and proxy solicitation and information agents:

**Canada and outside North America:** Kingsdale Shareholder Services, by telephone at 1-888-518-1554 (North American Toll Free) or 1-416-867-2272 (Collect Outside North America), or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

**United States:** MacKenzie Partners, Inc., by telephone at 1-800-322-2885 (North American Toll Free) or 1-212-929-5500 (Collect Outside North America), or by email at [enbridge@mackenziepartners.com](mailto:enbridge@mackenziepartners.com).

**Q: Where can I find more information about Enbridge, Spectra Energy and the transactions contemplated by the Merger Agreement?**

You can find out more information about Enbridge, Spectra Energy and the transactions contemplated by the Merger Agreement by reading this Management Information Circular and from various sources described in the sections entitled *Information Contained in Management Information Circular*, *Information Incorporated by Reference* and *Additional Information*.

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**SUMMARY**

*The following is a summary of certain information contained elsewhere in this Management Information Circular. This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Management Information Circular, including the appendices hereto and the documents incorporated by reference herein. It is recommended that Enbridge Shareholders read this Management Information Circular and consult with their own legal, tax, financial and other professional advisors with respect to the matters to be acted on at the Enbridge Special Meeting. Capitalized terms used but not otherwise defined in this summary have the meanings set forth under the heading *Glossary of Terms* .*

**The Enbridge Special Meeting**

***Time, Date and Place of Meeting***

The Enbridge Special Meeting will be held on December 15, 2016 at 1:00 p.m. (Calgary time) at the Calgary Marriott Downtown Hotel, Kensington Room, 110 9<sup>th</sup> Avenue SE, Calgary, Alberta.

***Purpose of the Meeting***

At the Enbridge Special Meeting, Enbridge Shareholders will be asked to consider, and if deemed advisable, pass with or without variation, the following ordinary resolutions:

1. **Enbridge Common Share Issuance Resolution:** authorizing and approving the issuance by Enbridge of such number of common shares in the capital of Enbridge as shall be necessary pursuant to the terms of the Merger Agreement; and
2. **By-law Amendment Resolution:** ratifying, confirming and approving certain amendments to General By-law No. 1 of Enbridge, which amendments are conditional upon the completion of the Merger pursuant to the terms of the Merger Agreement.

The Merger cannot be completed without Enbridge Shareholders approving both the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution. See *General Information for the Meeting Enbridge Common Share Issuance Resolution* and *General Information for the Meeting By-law Amendment Resolution* .

***Record Date and Enbridge Shareholders Entitled to Vote***

The directors of Enbridge have fixed November 7, 2016 as the record date. Enbridge Shareholders of record at the close of business on November 7, 2016 are entitled to notice of the Enbridge Special Meeting and to vote thereat or at any adjournment or postponement thereof.

As of the close of business on November 7, 2016, there were issued and outstanding a total of 938,681,216 Enbridge Common Shares. Each issued and outstanding Enbridge Common Shares on the record date is entitled to one vote on each of the resolutions to be considered and voted on at the Enbridge Special Meeting. As of the date of this Management Information Circular, there are also 18 series of preference shares issued and outstanding. The issued and outstanding preference shares do not have voting rights and none will be voting at the Enbridge Special Meeting.



***Quorum***

At least three persons holding, or representing by proxy, at least 25% of the issued and outstanding Enbridge Common Shares entitled to vote at the Enbridge Special Meeting must be present at the Enbridge Special Meeting in order to constitute a quorum. If you submit a properly executed form of proxy or vote by telephone or the Internet, you will be considered part of the quorum. See *General Information for the Meeting Quorum* .

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***Required Vote***

The Merger cannot be completed without Enbridge Shareholders approving the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution. Approval of each of the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution requires the affirmative vote of a majority of the votes cast in respect of the respective resolutions by holders of Enbridge Common Shares present in person or represented by proxy at the Enbridge Special Meeting.

***Voting by Directors and Executive Officers***

As of the record date for the Enbridge Special Meeting, the Enbridge directors and executive officers had the right to vote approximately 1,524,040 Enbridge Common Shares, representing approximately 0.16% of the Enbridge Common Shares then outstanding and entitled to vote at the Enbridge Special Meeting. It is expected that the Enbridge directors and executive officers who are Enbridge Shareholders will vote ***FOR*** the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution, although none of them has entered into any agreement requiring them to do so.

***Proxy solicitation agents***

If you have any questions about the Merger, the other transactions contemplated by the Merger Agreement, including the Enbridge Common Share Issuance Resolution or the By-law Amendment, the Enbridge Special Meeting or the proxy materials or if you need assistance submitting your proxy or voting your Enbridge Common Shares or need additional copies of this document or the enclosed form of proxy, you should contact Enbridge's strategic advisors and proxy solicitation and information agents:

**Canada and outside North America:** Kingsdale Shareholder Services, by telephone at 1-888-518-1554 (North American Toll Free) or 1-416-867-2272 (Collect Outside North America), or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

**United States:** MacKenzie Partners, Inc., by telephone at 1-800-322-2885 (North American Toll Free) or 1-212-929-5500 (Collect Outside North America), or by email at [enbridge@mackenziepartners.com](mailto:enbridge@mackenziepartners.com).

**The Spectra Energy Special Meeting and Stockholder Approval**

The Spectra Energy Special Meeting will be held on December 15, 2016 at 2:00 p.m. (Central time) at 5400 Westheimer Court, Houston, Texas 77056. At the Spectra Energy Special Meeting, Spectra Energy stockholders will be asked to consider and vote on the following proposals:

1. **Merger Proposal:** to adopt the Merger Agreement, pursuant to which Merger Sub will merge with and into Spectra Energy. Spectra Energy will survive the Merger as a direct wholly-owned subsidiary of Enbridge; and
2. **Advisory Compensation Proposal:** to approve, on an advisory (non-binding) basis, certain specified compensation that will or may be paid by Spectra Energy to its named executive officers that is based on or

otherwise relates to the Merger.

A majority of the shares entitled to vote must be present in person or by proxy at the Spectra Energy Special Meeting in order to constitute a quorum.

Approval of the Merger Proposal requires the affirmative vote of holders of a majority of the outstanding shares of Spectra Energy common stock. The approval of the Merger Proposal is a condition to the obligations of Enbridge and Spectra Energy to complete the Merger.

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Approval, on an advisory (non-binding) basis, of the Advisory Compensation Proposal requires the affirmative vote of holders of a majority of the shares of Spectra Energy common stock that are present at the Spectra Energy Special Meeting in person or by proxy and are entitled to vote on the Advisory Compensation Proposal. The approval of the Advisory Compensation Proposal is not a condition to the obligations of Enbridge or Spectra Energy to complete the Merger and is not binding on Enbridge or Spectra Energy following the Merger.

The Spectra Energy board of directors unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to, and in the best interests of, Spectra Energy and its stockholders, and has approved and declared advisable the Merger Agreement and the transactions contemplated thereby, including the Merger. Accordingly, the Spectra Energy board of directors recommended that Spectra Energy stockholders vote for the approval of both the Merger Proposal and the Advisory Compensation Proposal.

In connection with the Merger and the Spectra Energy Special Meeting, Enbridge and Spectra Energy have filed with the SEC the proxy statement/prospectus.

## **Information about the Companies**

### ***Enbridge Inc.***

Enbridge was incorporated under the *Companies Ordinance* of the Northwest Territories and was continued under the Canada Corporations Act. Enbridge is a North American leader in delivering energy. As a transporter of energy, Enbridge operates, in Canada and the United States, the world's longest crude oil and liquids transportation system. Enbridge also has significant and growing involvement in natural gas gathering, transmission and midstream businesses. As a distributor of energy, Enbridge owns and operates Canada's largest natural gas distribution company and provides distribution services in Ontario, Quebec, New Brunswick and New York State. As a generator of energy, Enbridge has interests in nearly 2,000 MW of net renewable and alternative energy generating capacity which is operating, secured or under construction, and Enbridge continues to expand its interests in wind, solar and geothermal power. Enbridge employs nearly 11,000 people, primarily in Canada and the United States. Enbridge holds all of the common stock of Merger Sub, a direct wholly-owned subsidiary formed in Delaware for the sole purpose of completing the Merger.

Enbridge is a public company trading on both the TSX and the NYSE under the ticker symbol **ENB**. Enbridge's principal executive offices are located at 200, 425 - 1<sup>st</sup> Street S.W., Calgary, Alberta, Canada T2P 3L8, and its telephone number is 1-403-231-3900.

Additional information about Enbridge can be found on its website at <http://www.enbridge.com>. The information contained in, or that can be accessed through, Enbridge's website is not intended to be incorporated into this Management Information Circular. For additional information about Enbridge, see the sections entitled *Information Contained in Management Information Circular*, *Information Incorporated by Reference* and *Additional Information* and *Appendix G Information Concerning Enbridge Inc.*

### ***Sand Merger Sub, Inc.***

Merger Sub, a Delaware corporation and a direct wholly-owned subsidiary of Enbridge, was formed solely for the purpose of facilitating the Merger. Merger Sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the Merger Agreement. By operation of the Merger, Merger Sub will be merged with and into Spectra Energy. As a result, Spectra Energy will survive the Merger as a direct wholly-owned subsidiary of Enbridge. Upon completion of the

Merger, Merger Sub will cease to exist as a separate entity.

Merger Sub's principal executive offices are located at 200, 425 -<sup>st</sup> Street S.W., Calgary, Alberta, Canada T2P 3L8, and its telephone number is 1-403-231-3900.

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**Table of Contents*****Spectra Energy Corp***

Spectra Energy is a Delaware corporation. Spectra Energy, through its subsidiaries and equity affiliates, owns and operates a large and diversified portfolio of complementary natural gas-related energy assets and is one of North America's leading natural gas infrastructure companies. Spectra Energy also owns and operates a crude oil pipeline system that connects Canadian and U.S. producers to refineries in the U.S. Rocky Mountain and Midwest regions. For over a century, Spectra Energy and its predecessor companies have developed critically important pipelines and related energy infrastructure connecting natural gas supply sources to premium markets. Spectra Energy currently operates in three key areas of the natural gas industry: gathering and processing, transmission and storage, and distribution. Spectra Energy provides transmission and storage of natural gas to customers in various regions of the northeastern and southeastern U.S., the Maritime Provinces in Canada, the Pacific Northwest in the U.S. and Canada, and in the Province of Ontario, Canada. Spectra Energy also provides natural gas sales and distribution services to retail customers in Ontario, and natural gas gathering and processing services to customers in western Canada. Spectra Energy also owns a 50% interest in DCP Midstream, LLC, based in Denver, Colorado, one of the leading natural gas gatherers in the U.S., and one of the largest U.S. producers and marketers of natural gas liquids.

Spectra Energy is a public company trading on the NYSE under the ticker symbol **SE**. Spectra Energy's principal executive offices are located at 5400 Westheimer Court, Houston, Texas 77056, and its telephone number is 1-713-627-5400.

Additional information about Spectra Energy can be found on its website at <http://www.spectraenergy.com>. The information contained in, or that can be accessed through, Spectra Energy's website is not intended to be incorporated into this Management Information Circular. For additional information about Spectra Energy, see the sections entitled *Information Contained in Management Information Circular*, *Information Incorporated by Reference* and *Additional Information* and *Appendix F Information Concerning Spectra Energy Corp*.

**Risk Factors**

The Merger and the transactions contemplated by the Merger Agreement involve risks, some of which are related to the Merger. In considering the Merger and the transactions contemplated by the Merger Agreement, including whether to vote for the Enbridge Common Share Issuance Resolution or the By-law Amendment Resolution, Enbridge Shareholders should carefully consider the information about these risks set forth under the section entitled *Risk Factors*, together with the other information included or incorporated by reference in this Management Information Circular.

**The Merger and the Merger Agreement**

The Merger Agreement provides that, upon the terms and subject to the conditions set forth in the Merger Agreement, at the Effective Time, Merger Sub, a direct wholly-owned subsidiary of Enbridge, will merge with and into Spectra Energy. As a result, Spectra Energy will continue as the surviving corporation in the Merger, become a direct wholly-owned subsidiary of Enbridge and cease to be a publicly traded company (Spectra Energy is referred to in such capacity as the **Surviving Corporation**).

The terms and conditions of the Merger are contained in the Merger Agreement. The terms of the Merger Agreement are summarised at the section entitled *The Merger Agreement* and a complete copy of the Merger Agreement is attached as *Appendix A Merger Agreement*. Enbridge Shareholders are encouraged to read the Merger Agreement carefully, as it is the legal document that governs the Merger. All descriptions in this Management Information Circular of the terms and conditions of the Merger are qualified by reference to the Merger Agreement.



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**Merger Consideration**

Upon the terms and subject to the conditions set forth in the Merger Agreement, each share of Spectra Energy common stock issued and outstanding immediately prior to the Effective Time (other than Spectra Energy common stock owned directly by Enbridge, Merger Sub or Spectra Energy, and in each case not held on behalf of third parties) will be converted into, and become exchangeable for, 0.984 of a validly issued, fully paid and non-assessable Enbridge Common Share (i.e. the Merger Consideration).

Based on the number of shares of Spectra Energy common stock, stock options, phantom units, performance stock units and certain other equity-based awards outstanding as of October 31, 2016, Enbridge will issue approximately 694,771,332 Enbridge Common Shares to Spectra Energy stockholders pursuant to the Merger Agreement. The actual number of Enbridge Common Shares to be issued pursuant to the Merger Agreement will be determined at the Effective Time based on the Exchange Ratio, the number of shares of Spectra Energy common stock outstanding at such time and the number of Spectra Energy stock options, phantom units, performance stock units and certain other equity-based awards outstanding at such time. Based on the number of shares of Spectra Energy common stock outstanding as of October 31, 2016, and the number of Enbridge Common Shares outstanding as of October 31, 2016, immediately after completion of the Merger, former Spectra Energy stockholders would own approximately 42.54% of the outstanding Enbridge Common Shares on a fully-diluted basis (42.38% on a basic basis).

For a full description of the treatment of Spectra Energy options, phantom units, performance stock units and other equity-based awards, see the sections entitled *The Merger Agreement - Treatment of Spectra Energy Equity Awards* and *The Merger Agreement - Merger Consideration*.

**Enbridge's Board of Directors' Recommendation**

At its meeting held on September 5, 2016, having undertaken a review of, and carefully considered, information concerning Spectra Energy, the proposed Merger and alternatives, including in-depth consultation with Enbridge's management and Enbridge's legal and financial advisors (including, among other things, a review and consideration of the opinion of Credit Suisse and the opinion of RBC), and consideration of such other matters as the board of directors of Enbridge considered relevant, the Enbridge board of directors unanimously determined, by all directors present, that the Merger is in the best interests of Enbridge and resolved to recommend that Enbridge Shareholders vote in favour of the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution. ***Accordingly, the board of directors of Enbridge recommends that Enbridge Shareholders vote FOR the Enbridge Common Share Issuance Resolution and FOR the By-law Amendment Resolution.***

For further information regarding Enbridge's reasons for the Merger, see the section entitled *The Merger - Enbridge's Reasons for the Merger*.

**Opinions of Enbridge's Financial Advisors**

***Opinion of Credit Suisse***

Enbridge engaged Credit Suisse as one of its financial advisors in connection with the proposed Merger. On September 5, 2016, Credit Suisse rendered its oral opinion to the Enbridge board of directors (which was subsequently confirmed in writing by delivery of its written opinion dated the same date) to the effect that, as of such date, and based upon and subject to the procedures followed and the assumptions, qualifications, limitations and other matters considered in connection with the preparation of such opinion, the Exchange Ratio in the Canadian Exchange Offer and in the Merger pursuant to the Merger Agreement was fair, from a financial point of view, to Enbridge. Credit



Suisse's opinion was only one of many factors considered by the Enbridge board of directors in evaluating the Merger and was not determinative of the views of the Enbridge board of directors with respect to the Merger or the Exchange Ratio.

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**Credit Suisse's opinion was directed to the Enbridge board of directors and addressed only the fairness, from a financial point of view, to Enbridge, of the Exchange Ratio in the Canadian Exchange Offer and in the Merger pursuant to the Merger Agreement and did not address any other aspect or implication of the Merger or any related matter. The summary of Credit Suisse's opinion in this Management Information Circular is qualified in its entirety by reference to the full text of Credit Suisse's opinion, which is included as *Appendix C Opinion of Credit Suisse Securities (Canada), Inc.* to this Management Information Circular and sets forth the procedures followed and the assumptions, qualifications, limitations and other matters considered by Credit Suisse in connection with the preparation of its opinion. Credit Suisse's opinion was furnished for the use of the Enbridge board of directors (solely in its capacity as such) in connection with its evaluation of the Merger, and the opinion is subject to the limitations and qualifications contained therein. Credit Suisse's opinion does not constitute a recommendation to the Enbridge board of directors or any other person as to how to act or vote with respect to the Merger, the Enbridge Common Share Issuance Resolution or any related matter.**

***Opinion of RBC***

The Enbridge board of directors engaged RBC as one of its financial advisors to provide advice and assistance in evaluating the Merger. In connection with this engagement, on September 5, 2016, RBC rendered to the Enbridge board of directors its oral opinion, subsequently confirmed by delivery of a written opinion dated September 5, 2016, to the effect that, as of such date, and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken in connection with the rendering of such opinion, the Exchange Ratio was fair, from a financial point of view, to Enbridge. RBC's opinion was only one of many factors considered by the Enbridge board of directors in evaluating the Merger and was not determinative of the views of the Enbridge board of directors with respect to the Merger or the Exchange Ratio set forth in the Merger Agreement.

**The full text of the written opinion of RBC dated September 5, 2016, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken in connection with the rendering of such opinion, is attached as *Appendix D Opinion of RBC Dominion Securities Inc.* to this Management Information Circular and should be read carefully and in its entirety. RBC provided its opinion for the use of the Enbridge board of directors in connection with its consideration of the Merger and the opinion is subject to the limitations and qualifications contained therein. The opinion of RBC does not constitute a recommendation to any Enbridge Shareholder as to how such shareholder should vote with respect to the Enbridge Common Share Issuance Resolution or any other matter.**

**Impact on Credit Ratings**

In connection with its evaluation of the Merger, Enbridge considered the potential impact of the Merger on its credit ratings.

On September 6, 2016, following the announcement of the Merger, S&P affirmed its BBB+ long-term corporate credit and senior unsecured debt ratings on Enbridge and confirmed that the outlook was stable.

On September 6, 2016, following the announcement of the Merger, DBRS placed Enbridge's credit ratings on Under Review with Developing Implications and indicated that it would soon provide updated commentary on the potential impacts of the Merger on Enbridge. On September 8, 2016, DBRS confirmed that it would maintain the existing ratings of Enbridge and maintain Enbridge's credit ratings as Under Review with Developing Implications. DBRS indicated that it expects to confirm Enbridge's ratings with stable trends in the event that the Merger is completed as contemplated.

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On September 6, 2016, following the announcement of the Merger, Moody's affirmed the Baa2 senior unsecured rating for Enbridge and indicated that the rating outlook for Enbridge remained negative. Moody's

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indicated that it is maintaining a negative rating outlook for Enbridge until Enbridge executes the Merger, its capital program in 2017 and certain deleveraging plans.

### **Accounting Treatment of the Merger**

In accordance with U.S. GAAP, the Merger will be accounted for as a business combination applying the acquisition method of accounting. Accordingly, the aggregate fair value of the Merger Consideration paid by Enbridge in connection with the Merger will be allocated to Spectra Energy's net assets based on their fair values as of the completion of the transaction. The excess of the total purchase consideration over the fair value of the identifiable assets acquired, liabilities assumed and any noncontrolling interest in Spectra Energy will be allocated to goodwill. The results of operations of Spectra Energy will be included in Enbridge's consolidated results of operations only for periods subsequent to the completion of the Merger.

### **Listing of Enbridge Common Shares**

Enbridge Common Shares are currently listed on the TSX and the NYSE under the ticker symbol `ENB`. Spectra Energy common stock is currently listed on the NYSE under the ticker symbol `SE`.

It is a condition to the completion of the Merger that the Enbridge Common Shares issued pursuant to the Merger Agreement are approved for listing on the NYSE and the TSX, subject to official notice of issuance. Enbridge must use its best efforts to obtain the listing and admission for trading of the Enbridge Common Shares issued as Merger Consideration on both the NYSE and the TSX.

The TSX has conditionally approved the listing of the Enbridge Common Shares to be issued to Spectra Energy stockholders pursuant to the Merger Agreement, which Enbridge Common Shares will be registered in the U.S. pursuant to the Enbridge U.S. registration statement on Form F-4. Listing of such Enbridge Common Shares is subject to Enbridge fulfilling all of the requirements of the TSX on or before the business day following the Closing Date. Enbridge is required under the terms of the Merger Agreement to apply to the NYSE to list the Enbridge Common Shares to be issued to Spectra Energy stockholders pursuant to the Merger Agreement on the NYSE, which Enbridge Common Shares will be registered in the U.S. pursuant to the Enbridge U.S. registration statement on Form F-4. Listing will be subject to Enbridge fulfilling all the listing requirements of the NYSE. There can be no assurance that the Enbridge Common Shares will be accepted for listing on the TSX or the NYSE.

### **Delisting and Deregistration of Spectra Energy Common Stock**

As promptly as practicable after the Effective Time, and in any event no more than 10 days after the Effective Time, Spectra Energy common stock currently listed on the NYSE will cease to be listed on the NYSE and will be deregistered under the U.S. Exchange Act.

### **Regulatory Approvals Required for the Merger**

To complete the Merger, Enbridge and Spectra Energy must make certain filings, submissions and notices to obtain required authorizations, approvals, consents or expiration or termination of waiting periods from U.S. and Canadian governmental and regulatory bodies, including antitrust and other regulatory authorities. Enbridge is not currently aware of any material governmental filings, authorizations, approvals or consents that are required prior to the completion of the Merger other than those described below and in the section entitled *The Merger – Regulatory Approvals Required for the Merger*.

Completion of the Merger is subject to antitrust review in the United States and Canada. Under the HSR Act and the rules promulgated thereunder, the Merger cannot be completed until the parties to the Merger Agreement have given notification and furnished information to the FTC and the DOJ and until the applicable waiting period (or any extension of the waiting period) has expired or has been terminated.

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The Merger cannot be completed until the parties to the Merger Agreement have given notifications and furnished information to the Canadian Competition Bureau and until any of the following occurs (the **Competition Act (Canada) Clearance**): (i) the issuance of an advance ruling certificate by the Commissioner of Competition pursuant to section 102 of the Competition Act (Canada), (ii) Enbridge and Spectra Energy have given the notice required under section 114 of the Competition Act (Canada) and the applicable waiting period under section 123 of the Competition Act (Canada) (or any extension of the waiting period) has expired or has been terminated, or (iii) the obligation to give the requisite notice has been waived pursuant to paragraph 113(c) of the Competition Act (Canada), and, in the case of (ii) or (iii), Enbridge has been advised in writing by the Commissioner of Competition that he does not intend to make an application under section 92 of the Competition Act (Canada).

On October 3, 2016, Enbridge and Spectra Energy each filed a pre-merger notification and report form under the HSR Act.

On October 3, 2016, Enbridge and Spectra Energy each filed pre-merger notifications and Enbridge filed a request for an advance ruling certificate under the Competition Act (Canada). On November 2, 2016, Spectra Energy and Enbridge received a request for additional information and *documentary material from the* FTC (the **Second Request**) and a Supplementary Information Request from the Canadian Competition Bureau in connection with the FTC's and Canadian Competition Bureau's reviews, respectively, of the Merger. The Second Request was issued under the notification requirements of the HSR Act and the Supplementary Information Request was issued under the Competition Act (Canada). Issuance of the Second Request and the Supplementary Information Request is a standard part of the regulatory process. The effect of the Second Request and the Supplementary Information Request is to extend the waiting period under the HSR Act and Competition Act (Canada), respectively, until thirty days after Spectra Energy and Enbridge have substantially complied with the Second Request and the Supplementary Information Request, unless that period is terminated earlier by the FTC or the Canadian Competition Bureau, respectively. Spectra Energy and Enbridge are continuing to work closely and cooperatively with the FTC and Canadian Competition Bureau as the agencies conduct their review of the merger.

The Merger Agreement provides for Enbridge and Spectra Energy to file a joint voluntary notice with CFIUS pursuant to the DPA. Under the terms of the Merger Agreement, completion of the Merger is subject to the satisfaction or waiver of the condition that Enbridge will have received the CFIUS Clearance (as described in the sections entitled *The Merger - Regulatory Approvals Required for the Merger* and *The Merger Agreement - Filings; Other Actions; Notification*).

On October 11, 2016, Enbridge and Spectra Energy submitted a draft joint voluntary notice with CFIUS. On November 2, 2016, Enbridge and Spectra Energy submitted the final joint voluntary notice with CFIUS. Spectra Energy and Enbridge are awaiting confirmation from CFIUS that it has accepted the parties' joint voluntary notice.

Completion of the Merger is also subject to the Canada Transportation Act Approval. Enbridge filed a notification with the Minister of Transport under the Canada Transportation Act on October 7, 2016.

The Merger Agreement requires Enbridge and Spectra Energy to cooperate and use (and cause their respective subsidiaries to use) their reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable to complete the Merger as soon as reasonably practicable. Enbridge must take any and all steps, including divestitures, necessary to obtain antitrust approval for the Merger and Spectra Energy must take divestiture actions to assist Enbridge in complying with this obligation (with all such actions being contingent on the completion of the Merger), except that neither Enbridge nor Spectra Energy is required to take any divestiture action with respect to the Enbridge Canadian Mainline



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System, the Enbridge U.S. Mainline System or the Texas Eastern Transmission pipeline, respectively. Enbridge and Spectra Energy must agree to any action, condition or restriction required by CFIUS in order to receive the CFIUS Clearance as promptly as reasonably practicable.

Although Enbridge believes that the required authorizations and approvals described above will be received in order to complete the Merger, there can be no assurance as to the timing of these consents and approvals, Enbridge's or Spectra Energy's ultimate ability to obtain such consents or approvals (or any additional consents or approvals that may otherwise become necessary), or the conditions or limitations that such approvals may contain or impose.



**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF ENBRIDGE**

The following selected historical consolidated financial data prepared in accordance with U.S. GAAP is derived from Enbridge's audited consolidated financial statements for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 and unaudited consolidated financial statements for the nine months ended September 30, 2016 and 2015. The information set forth below is only a summary that you should read together with the historical audited consolidated financial statements of Enbridge and the related notes, as well as the section entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations* contained in Enbridge's amended consolidated financial statements for the fiscal year ended December 31, 2015 filed on SEDAR on May 12, 2016 and Enbridge's unaudited interim condensed consolidated financial statements and related notes for the nine months ended September 30, 2016 filed on SEDAR on November 3, 2016, each of which is incorporated by reference into this Management Information Circular. The selected historical financial data of Enbridge as of December 31, 2013, 2012 and 2011, and for the years ended December 31, 2013, 2012 and 2011 have been derived from Enbridge's audited consolidated financial statements for such years, which have not been incorporated by reference into this Management Information Circular. Historical results are not necessarily indicative of any results to be expected in the future. For more information, see the sections entitled *Information Contained in Management Information Circular - Information Incorporated by Reference* and *Additional Information*.

<b>Consolidated Statements of Earnings</b> <i>(millions of Canadian dollars; except per share amounts)</i>	<b>For the Nine Months Ended</b>		<b>For the Year Ended December 31,</b>				
	<b>September 30, 2016</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Revenue	25,222	24,880	33,794	37,641	32,918	24,660	26,789
Earnings before interest and taxes <sup>(1)</sup>	2,814	794	1,635	3,302	1,560	2,027	2,940
Earnings/(loss) from continuing operations	1,462	(535)	(159)	1,562	490	1,015	1,489
Earnings/(loss)	1,462	(535)	(159)	1,608	494	936	1,221
Earnings/(loss) attributable to Enbridge common shareholders	1,411	(415)	(37)	1,154	446	602	801
Earnings/(loss) per common share attributable to Enbridge common shareholders							
Continuing Operations	1.56	(0.49)	(0.04)	1.34	0.55	0.88	1.08
Discontinued Operations				0.05		(0.10)	(0.01)
	1.56	(0.49)	(0.04)	1.39	0.55	0.78	1.07
Diluted earnings/(loss) per common share attributable to Enbridge common shareholders							
Continuing Operations	1.55	(0.49)	(0.04)	1.32	0.55	0.87	1.06
Discontinued Operations				0.05		(0.10)	(0.01)
	1.55	(0.49)	(0.04)	1.37	0.55	0.77	1.05
Dividends declared per share	1.59	1.395	1.86	1.40	1.26	1.13	0.98

Dividends declared per share	US\$)	1.20	1.11	1.45	1.27	1.22	1.13	0.99
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**Notes:**

- (1) Enbridge reports EBIT as an alternative performance measure. EBIT is a non-GAAP measure. Management of Enbridge believes the presentation of EBIT gives useful information to investors as it provides consistency, facilitates period to period comparisons and insight into the performance of Enbridge. While EBIT is frequently used by investors and securities analysts in their evaluations of companies, EBIT and similar non-GAAP measures have limitations as analytical tools and investors should not consider them in isolation or as a substitute for an analysis of Enbridge's results of operations as reported under U.S. GAAP. For a reconciliation of EBIT to earnings see Note 4 of the notes to Enbridge's amended consolidated financial statements filed on SEDAR for the fiscal year ended December 31, 2015 and Note 3 of the notes to Enbridge's unaudited interim condensed consolidated financial statements filed on SEDAR for the nine months ended September 30, 2016, both of which are incorporated by reference into this Management Information Circular.

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(2) Converted into U.S. dollars using the average noon exchange rate as reported by the Bank of Canada for each of the respective periods.

<b>Consolidated Statements of Financial Position</b>	<b>As at September 30,</b>		<b>As at December 31,</b>				
	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<i>(millions of Canadian dollars; number of shares in millions)</i>							
Total Assets	83,682	81,570	84,515	72,741	57,568	46,800	41,494
Total Long-term debt <sup>(1)</sup>	35,552	38,927	39,391	33,307	22,357	20,203	19,251
Net assets <sup>(2)</sup>	23,490	21,204	22,339	21,050	18,563	14,504	11,255
<b>Share Capital</b>							
Preference shares	6,515	6,515	6,515	6,515	5,141	3,707	1,056
Common shares	10,262	7,219	7,391	6,669	5,744	4,732	3,969
Number of common shares outstanding	938	864	868	852	831	805	781

**Notes:**

(1) Excludes current maturities.

(2) Defined as Total Assets minus Total Liabilities.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF SPECTRA ENERGY**

The following selected historical consolidated financial data prepared in accordance with U.S. GAAP is derived from Spectra Energy's audited consolidated financial statements for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 and unaudited consolidated financial statements for the nine months ended September 30, 2016 and 2015. The information set forth below is only a summary that you should read together with the historical audited consolidated financial statements of Spectra Energy and the related notes attached as Schedule A and Schedule B to *Appendix F Information Concerning Spectra Energy Corp.*, as well as the section entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations* contained in Spectra Energy's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and quarterly report on Form 10-Q for the three months ended September 30, 2016, that Spectra Energy previously filed with the SEC and the Canadian Securities Administrators and that are incorporated by reference into this Management Information Circular. These documents, and other information with respect to Spectra Energy, are available on the SEC's website at <http://www.sec.gov> and under Spectra Energy's SEDAR profile available at [www.sedar.com](http://www.sedar.com). Historical results are not necessarily indicative of any results to be expected in the future. For more information, see the sections entitled *Information Contained in Management Information Circular Information Incorporated by Reference* and *Additional Information*.

	For the Nine Months Ended September 30,		For the Year Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
<i>(U.S. dollars in millions; except per-share amounts)</i>							
<b>Statements of Operations</b>							
Operating revenues	3,618	3,918	5,234	5,903	5,518	5,075	5,351
Operating income	1,186	1,336	1,433	1,924	1,666	1,575	1,763
Income from continuing operations	812	648	460	1,283	1,159	1,045	1,257
Net income noncontrolling interests	234	189	264	201	121	107	98
Net income controlling interests	578	459	196	1,082	1,038	940	1,184
<b>Ratio of Earnings to Fixed Charges</b>	2.8	3.1	3.1	3.6	2.9	2.8	3.4
<b>Common Stock Data</b>							
Earnings per share from continuing operations							
Basic	0.84	0.68	0.29	1.61	1.55	1.44	1.78
Diluted	0.83	0.68	0.29	1.61	1.55	1.43	1.77
Earnings per share							
Basic	0.84	0.68	0.29	1.61	1.55	1.44	1.82
Diluted	0.83	0.68	0.29	1.61	1.55	1.43	1.81
Dividends per share	1.215	1.11	1.48	1.375	1.22	1.145	1.06

	As at September 30,		As at December 31,				
	2016	2015	2015	2014	2013	2012	2011
<b>Balance Sheets</b>							
Total assets	35,937	33,259	32,923	33,998	33,486	30,544	28,096
	13,094	12,898	12,892	12,727	12,441	10,610	10,104

Long-term debt including capital  
leases, less current maturities

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The following selected unaudited *pro forma* condensed consolidated financial data was prepared using the acquisition method of accounting for business combinations under U.S. GAAP, with Enbridge being the accounting and legal acquirer. The following information should be read in conjunction with the respective audited consolidated financial statements of Enbridge and Spectra Energy for the year ended December 31, 2015, including the respective notes thereto, and the respective unaudited consolidated financial statements of Enbridge and Spectra Energy for the nine months ended September 30, 2016, which for Enbridge are incorporated by reference into this Management Information Circular and for Spectra Energy are attached as Schedule A and Schedule B to *Appendix F Information Concerning Spectra Energy Corp* .

The selected unaudited *pro forma* condensed consolidated statements of earnings for the nine months ended September 30, 2016 and for the year ended December 31, 2015 have been prepared to give effect to the Merger as if it occurred on January 1, 2015. The selected unaudited *pro forma* condensed consolidated statement of financial position as at September 30, 2016 has been prepared to give effect to the Merger as if it had occurred on September 30, 2016.

The selected *pro forma* condensed consolidated financial data, which is preliminary in nature, has been derived from, and should be read in conjunction with, the more detailed unaudited *pro forma* combined financial information of the combined company and the accompanying notes appearing in the section entitled *Unaudited Pro Forma Condensed Consolidated Financial Statements* . The unaudited *pro forma* condensed consolidated financial statements have been presented for illustrative purposes only and are not necessarily indicative of what the combined company's financial position or results of operations actually would have been had the Merger been completed as of the dates indicated. In addition, the selected unaudited *pro forma* condensed consolidated financial data does not purport to project the future financial position or operating results of the combined company.

<b>Unaudited Pro Forma Condensed Consolidated Statements of Earnings</b> <i>(millions of Canadian dollars; except per share amounts)</i>	<b>For the Nine Months Ended</b>	
	<b>September 30, 2016</b>	<b>For the Year Ended December 31, 2015</b>
Revenue	30,005	40,487
Earnings before interest and taxes	4,703	3,242
Earnings/(loss) from continuing operations	2,612	501
Earnings/(loss)	2,612	501
Earnings/(loss) attributable to Enbridge common shareholders	2,252	285
Earnings/(loss) per common share attributable to Enbridge common shareholders	1.41	0.19
Diluted earnings/(loss) per common share attributable to Enbridge common shareholders	1.40	0.18

<b>Unaudited Pro Forma Condensed Consolidated Statements of Financial Position</b> <i>(millions of Canadian dollars; number of shares in millions)</i>	<b>As at September 30, 2016</b>
Total Assets	159,748

Total Long-term debt <sup>(1)</sup>	54,654
Net assets	66,405
<b>Share Capital</b>	
Preference shares	6,515
Common shares	48,363
Number of common shares outstanding	1,628

**Note:**

(1) Excludes current maturities.

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**Table of Contents****RISK FACTORS**

*In addition to the other information contained in or incorporated by reference into this Management Information Circular, including the matters addressed in the section entitled **Cautionary Statement Regarding Forward-Looking Statements**, Enbridge Shareholders should carefully consider the following risks in deciding whether to vote for the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution. In addition, you should read and consider the risks associated with each of the businesses of Enbridge and Spectra Energy because these risks will relate to the combined company following the completion of the Merger. Descriptions of some of these risks can be found in (i) the section entitled **Risk Factors** in the annual information form of Enbridge dated February 19, 2016 for the year ended December 31, 2015 and (ii) the section entitled **Risk Factors** in the Annual Report of Spectra Energy on Form 10-K for the year ended December 31, 2015, as filed February 25, 2016. See **Information Contained in Management Information Circular – Information Incorporated by Reference and Additional Information**.*

**Risks Relating to the Merger**

***The Exchange Ratio is fixed and will not be adjusted in the event of any change in the price of either Enbridge Common Shares or shares of Spectra Energy common stock.***

As Merger Consideration, Spectra Energy stockholders will receive a fixed number of Enbridge Common Shares, not a number of shares that will be determined based on a fixed market value. The market value of Enbridge Common Shares and the market value of Spectra Energy common stock at the Effective Time may vary significantly from their respective values on the date that the Merger Agreement was executed or at other dates, such as the date of this Management Information Circular or the date of the Enbridge Special Meeting. Stock price changes may result from a variety of factors, including changes in Enbridge's or Spectra Energy's respective businesses, operations or prospects, regulatory considerations and general business, market, industry or economic conditions. The Exchange Ratio will not be adjusted to reflect any changes in the market value of Enbridge Common Shares, the comparative value of the Canadian dollar and U.S. dollar or market value of the Spectra Energy common stock. Therefore, the aggregate market value of the Enbridge Common Shares that a Spectra Energy stockholder is entitled to receive at the time that the Merger is completed could vary significantly from the value of such shares on the date of this Management Information Circular, the date of the Enbridge Special Meeting or the date on which Enbridge Common Shares are actually issued to Spectra Energy stockholders.

***The market price for Enbridge Common Shares following the completion of the Merger may be affected by factors different from those that historically have affected Enbridge Common Shares.***

Enbridge's businesses differ from those of Spectra Energy, and accordingly, the results of operations of Enbridge will be affected by some factors that are different from those currently affecting the results of operations of Enbridge.

***There is no assurance when or if the Merger will be completed.***

The completion of the Merger is subject to the satisfaction or waiver of a number of conditions as set forth in the Merger Agreement, including, among others, (i) the adoption of the Merger Agreement by an affirmative vote of the holders of a majority of all of the outstanding shares of Spectra Energy common stock entitled to vote at the Spectra Energy Special Meeting, (ii) the approval of each of the issuance of Enbridge Common Shares in connection with the Merger and the By-law Amendment by a majority of the votes cast in respect of such matters by holders of Enbridge Common Shares present in person or represented by proxy at the Enbridge Special Meeting, (iii) the approval for listing on the NYSE and the TSX of the Enbridge Common Shares to be issued to Spectra Energy stockholders in



connection with the Merger, subject to official notice of issuance, (iv) the expiration or early termination of the applicable waiting period under the HSR Act, (v) receipt of the Competition Act (Canada) Clearance, (vi) receipt of the Canada Transportation Act Approval, (vii) approval by

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CFIUS, (viii) the absence of any law, injunction or other order that prohibits the completion of the Merger, (ix) the absence of proceedings by certain governmental antitrust entities relating to the Merger or the other transactions contemplated by the Merger Agreement that could subject Enbridge or Spectra Energy or any of their respective subsidiaries, directors, officers or employees to criminal or quasi-criminal penalties or material monetary sanctions, (x) the Enbridge U.S. registration statement on Form F-4 having been declared effective by the SEC and (xi) other customary closing conditions, including the accuracy of each party's representations and warranties (subject to specified materiality qualifiers), and each party's material compliance with its covenants and agreements contained in the Merger Agreement. There can be no assurance as to when these conditions will be satisfied or waived, if at all, or that other events will not intervene to delay or result in the failure to complete the Merger.

Enbridge and Spectra Energy have made various filings and submissions and are pursuing all required consents, orders and approvals in accordance with the Merger Agreement. No assurance can be given that the required consents, orders and approvals will be obtained or that the required conditions to the completion of the Merger will be satisfied. Even if all such consents, orders and approvals are obtained and such conditions are satisfied, no assurance can be given as to the terms, conditions and timing of such consents, orders and approvals. For example, these consents, orders and approvals may impose conditions on or require divestitures relating to the divisions, operations or assets of Enbridge and Spectra Energy or may impose requirements, limitations or costs or place restrictions on the conduct of Enbridge's or Spectra Energy's business, and if such consents, orders and approvals require an extended period of time to be obtained, such extended period of time could increase the chance that an adverse event occurs with respect to Enbridge or Spectra Energy. Such extended period of time also may increase the chance that other adverse effects with respect to Enbridge or Spectra Energy could occur, such as the loss of key personnel. Each party's obligation to complete the Merger is also subject to the accuracy of the representations and warranties of the other party (subject to certain qualifications and exceptions) and the performance in all material respects of the other party's covenants under the Merger Agreement. As a result of these conditions, Enbridge cannot provide assurance that the Merger will be completed on the terms or timeline currently contemplated, or at all. For more information, see the sections entitled *The Merger - Regulatory Approvals Required for the Merger* and *The Merger Agreement - Conditions that Must Be Satisfied or Waived for the Merger to Occur*.

The Enbridge Special Meeting may take place before all of the required regulatory approvals have been obtained and before all conditions to such approvals, if any, are known. Notwithstanding the foregoing, if the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution are approved by Enbridge Shareholders, Enbridge would not be required to seek further approval of Enbridge Shareholders, even if the conditions imposed in obtaining required regulatory approvals could have an adverse effect on Enbridge either before or after completing the Merger.

***The combined company may not realize all of the anticipated benefits of the Merger.***

Enbridge believes that the Merger will provide benefits to the combined company as described elsewhere in this Management Information Circular. However, there is a risk that some or all of the expected benefits of the Merger may fail to materialize, or may not occur within the time periods anticipated by Enbridge. The realization of such benefits may be affected by a number of factors, including regulatory considerations and decisions, many of which are beyond the control of Enbridge. The challenge of coordinating previously independent businesses makes evaluating the business and future financial prospects of the combined company following the Merger difficult. Enbridge and Spectra Energy have operated and, until completion of the Merger, will continue to operate, independently. The success of the Merger, including anticipated benefits and cost savings, will depend, in part, on the ability to successfully integrate the operations of both companies in a manner that results in various benefits, including, among other things, an increase in the dividend, an expanded market reach and operating efficiencies, and that does not materially disrupt existing client relationships nor result in decreased revenues or dividends due to the full or partial loss of clients. The past financial performance of each of Enbridge and Spectra Energy may not be indicative of their

future financial performance. Realization of the anticipated benefits in the Merger will depend, in part, on the combined company's ability to successfully integrate

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Enbridge's and Spectra Energy's businesses. The combined company will be required to devote significant management attention and resources to integrating its business practices and support functions. The diversion of management's attention and any delays or difficulties encountered in connection with the Merger and the coordination of the two companies' operations could have an adverse effect on the business, financial results, financial condition or the share price of the combined company following the Merger. The coordination process may also result in additional and unforeseen expenses.

Failure to realize all of the anticipated benefits of the Merger may impact the financial performance of the combined company, the price of the combined company's common shares and the ability of the combined company to continue paying dividends on its common shares at rates consistent with current dividend guidance or at all. The declaration of dividends by the combined company will be at the discretion of its board of directors, which may determine at any time to cease paying dividends, lower the dividend rate or not increase the dividend rate.

### ***Enbridge may not have discovered undisclosed liabilities of Spectra Energy, if any.***

In the course of the due diligence review of Spectra Energy that Enbridge conducted prior to the execution of the Merger Agreement, Enbridge may not have discovered, or may have been unable to quantify, undisclosed liabilities of Spectra Energy and its subsidiaries, if any, and Enbridge will not be indemnified for any of these liabilities. If Spectra Energy has undisclosed liabilities, Enbridge, as a successor owner, may be responsible for such undisclosed liabilities. Such undisclosed liabilities could have an adverse effect on the business, results of operations, financial condition and cash flows of Enbridge and on the value of the Enbridge Common Shares after the completion of the Merger.

### ***The announcement and pendency of the Merger could adversely affect Enbridge's business, results of operations and financial condition.***

The announcement and pendency of the Merger could cause disruptions in and create uncertainty surrounding Enbridge's businesses, including affecting Enbridge's relationships with its existing and future customers, suppliers and employees, which could have an adverse effect on Enbridge's business, results of operations and financial condition, regardless of whether the Merger is completed. In particular, Enbridge could potentially lose important personnel as a result of the departure of employees who decide to pursue other opportunities in light of the Merger. Enbridge could also potentially lose customers or suppliers, and new customer or supplier contracts could be delayed or decreased. In addition, Enbridge has expended, and continues to expend, significant management resources in an effort to complete the Merger, which resources are being diverted from Enbridge's day-to-day operations.

If the Merger is not completed, the price of Enbridge Common Shares may fall to the extent that the current price of Enbridge Common Shares reflects a market assumption that the Merger will be completed. In addition, the failure to complete the Merger may result in negative publicity or a negative impression of Enbridge in the investment community and may affect Enbridge's relationships with employees, customers, suppliers and other partners in the business community.

### ***Enbridge and Spectra Energy will incur substantial transaction fees and costs in connection with the Merger.***

Enbridge and Spectra Energy have incurred and expect to incur additional material non-recurring expenses in connection with the Merger and completion of the transactions contemplated by the Merger Agreement, including costs relating to obtaining required approvals and compensation change in control payments. Enbridge and Spectra Energy have incurred significant legal, advisory and financial services fees in connection with the process of negotiating and evaluating the terms of the Merger. Additional significant unanticipated costs may be incurred in the course of coordinating the businesses of Enbridge and Spectra Energy after completion of the Merger. Even if the

Merger is not completed, Enbridge and Spectra Energy will need to pay certain costs relating to the Merger incurred prior to the date the Merger was abandoned, such as legal, accounting, financial advisory,

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filing and printing fees. Such costs may be significant and could have an adverse effect on the parties' future results of operations, cash flows and financial condition. In addition to its own fees and expenses, each of Enbridge and Spectra Energy may be required to reimburse the other party for its reasonable out-of-pocket expenses incurred in connection with the Merger Agreement, subject to a cap of US\$100 million, in the event the Enbridge Shareholders or Spectra Energy stockholders, respectively, do not approve the matters required to be voted upon by Enbridge Shareholders or Spectra Energy stockholders, respectively, and the Merger Agreement is terminated.

***Significant demands will be placed on Enbridge as a result of the Merger.***

As a result of the pursuit and completion of the Merger, significant demands will be placed on the managerial, operational and financial personnel and systems of Enbridge. Enbridge cannot assure you that its systems, procedures and controls will be adequate to support the expansion of operations following and resulting from the Merger. The future operating results of the combined company will be affected by the ability of its officers and key employees to manage changing business conditions and to implement and expand its operational and financial controls and reporting systems in response to the Merger.

***Additional capital requirements.***

Following completion of the Merger, the combined company will require significant ongoing capital expenditures and, although Enbridge anticipates that the combined company will be able to fund these expenditures through usage of the combined company's lines of credit and subsequent debt, equity or hybrid offerings, there can be no assurances that the combined company will be able to obtain financing on acceptable terms.

***The credit rating of the combined company will be subject to ongoing evaluation.***

The terms of the combined company's financing will, in part, be dependent on the credit ratings assigned to its securities by independent credit rating agencies. The combined company's ratings upon completion of the Merger will reflect each rating organization's opinion of the combined company's financial strength, operating performance and ability to meet the obligations associated with its securities. The credit rating of the combined company will be subject to ongoing evaluation by credit rating agencies, and there can be no assurances that such ratings will be maintained in the future. Downgrades in the combined company's ratings could adversely affect the combined company's business, cash flows, financial condition, operating results and share and debt prices.

***The unaudited pro forma condensed consolidated financial information of Enbridge and Spectra Energy is presented for illustrative purposes only and may not be indicative of the results of operations or financial condition of the combined company following the Merger.***

The unaudited *pro forma* condensed consolidated financial information included in this Management Information Circular has been prepared using the consolidated historical financial statements of Enbridge and Spectra Energy, is presented for illustrative purposes only and should not be considered to be an indication of the results of operations or financial condition of the combined company following the Merger. In addition, the *pro forma* combined financial information included in this Management Information Circular is based in part on certain assumptions regarding the Merger. These assumptions may not prove to be accurate, and other factors may affect the combined company's results of operations or financial condition following the Merger. Accordingly, the historical and *pro forma* financial information included in this Management Information Circular does not necessarily represent the combined company's results of operations and financial condition had Enbridge and Spectra Energy operated as a combined entity during the periods presented, or of the combined company's results of operations and financial condition following completion of the Merger. The combined company's potential for future business success and operating profitability

must be considered in light of the risks, uncertainties, expenses and difficulties typically encountered by recently combined companies.

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In preparing the *pro forma* financial information contained in this Management Information Circular, Enbridge has given effect to, among other items, the completion of the Merger, the payment of the Merger Consideration and the indebtedness of Enbridge on a consolidated basis after giving effect to the Merger, including the indebtedness of Spectra Energy. The unaudited *pro forma* financial information does not reflect all of the costs that are expected to be incurred by Enbridge and Spectra Energy in connection with the Merger. For more information, see the section entitled *Unaudited Pro Forma Condensed Consolidated Financial Statements*, including the notes thereto.

***While the Merger Agreement is in effect, Enbridge, Spectra Energy and their respective subsidiaries businesses are subject to restrictions on their business activities.***

Under the Merger Agreement, Enbridge, Spectra Energy and their respective subsidiaries are subject to certain restrictions on the conduct of their respective businesses and generally must operate their respective businesses in the ordinary course prior to completing the Merger (unless Enbridge or Spectra Energy obtains the other's consent, as applicable, which is not to be unreasonably withheld, conditioned or delayed), which may restrict Enbridge's and Spectra Energy's ability to exercise certain of their respective business strategies. These restrictions may prevent Enbridge and Spectra Energy from pursuing otherwise attractive business opportunities, making certain investments or acquisitions, selling assets, engaging in capital expenditures in excess of certain agreed limits, incurring indebtedness or making changes to Enbridge's and Spectra Energy's respective businesses prior to the completion of the Merger or termination of the Merger Agreement, as applicable. These restrictions could have an adverse effect on Enbridge's and Spectra Energy's respective businesses, financial results, financial condition or stock price.

In addition, the Merger Agreement prohibits Enbridge and Spectra Energy from (i) initiating, soliciting, proposing, knowingly encouraging or taking any action to knowingly facilitate, subject to certain exceptions set forth in the Merger Agreement, any inquiry or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, an acquisition proposal, (ii) engaging in, continuing or otherwise participating in any discussions with or negotiations relating to any acquisition proposal or any inquiry, proposal or offer that would reasonably be expected to lead to an acquisition proposal or (iii) providing any non-public information to any person in connection with any acquisition proposal or any proposal or offer that would reasonably be expected to lead to an acquisition proposal. Enbridge may be required to pay Spectra Energy a termination fee of \$1.75 billion if the Merger Agreement is terminated under the circumstances specified in the Merger Agreement. Spectra Energy may be required to pay Enbridge a termination fee of US\$1.0 billion if the Merger Agreement is terminated under the circumstances specified in the Merger Agreement.

***The termination of the Merger Agreement could negatively impact Enbridge.***

If the Merger is not completed for any reason, including in the event the Enbridge Shareholders or Spectra Energy stockholders, respectively, do not approve the matters required to be voted upon by Enbridge Shareholders or Spectra Energy stockholders, respectively, the ongoing business of Enbridge may be adversely affected and, without realizing any of the anticipated benefits of having completed the Merger, Enbridge would be subject to a number of risks, including the following:

Enbridge may experience negative reactions from the financial markets, including a decline of its share price (which may reflect a market assumption that the Merger will be completed);



Enbridge may experience negative reactions from the investment community, its customers, regulators and employees and other partners in the business community;

Enbridge may be required to pay certain costs relating to the Merger, whether or not the Merger is completed; and

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matters relating to the Merger will have required substantial commitments of time and resources by Enbridge management, which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to Enbridge had the Merger not been contemplated.

If the Merger Agreement is terminated under the circumstances specified in the Merger Agreement, Enbridge may be required to pay Spectra Energy a termination fee of \$1.75 billion or reimburse Spectra Energy for its reasonable and documented out-of-pocket expenses incurred in connection with the Merger Agreement subject to a cap of US\$100 million, depending on the circumstances surrounding the termination. If the Merger Agreement is terminated under the circumstances specified in the Merger Agreement, Spectra Energy may be required to pay Enbridge a termination fee of US\$1.0 billion or reimburse Enbridge for its reasonable and documented out-of-pocket expenses incurred in connection with the Merger Agreement subject to a cap of US\$100 million, depending on the circumstances surrounding the termination. If an expense reimbursement is paid by Enbridge or Spectra Energy and the Enbridge termination fee or Spectra Energy termination fee subsequently becomes due, then the amount of the Enbridge termination fee or Spectra Energy termination fee, as applicable, will be reduced by the amount of reimbursement expenses previously paid.

See the section entitled *The Merger Agreement - Termination of the Merger Agreement* for a more complete discussion of the circumstances under which the Merger Agreement could be terminated and when the termination fee and expense reimbursement may be payable by Enbridge or Spectra Energy, as applicable.

***Except in specified circumstances, if the Merger is not completed by 5:00 p.m. Eastern Time on March 31, 2017, subject to extension in specified circumstances by either Enbridge or Spectra Energy to December 29, 2017, either Enbridge or Spectra Energy may choose not to proceed with the Merger.***

Either Enbridge or Spectra Energy may terminate the Merger Agreement if the Merger has not been completed by 5:00 p.m. Eastern Time on March 31, 2017. However, this right to terminate the Merger Agreement will not be available to Enbridge or Spectra Energy if the failure of such party to perform any of its obligations under the Merger Agreement has been the principal cause of or resulted in the failure of the Merger to be completed on or before such time. The March 31, 2017 deadline is subject to extensions in intervals of three months by Enbridge or Spectra Energy to December 29, 2017 if all the conditions to closing (other than the conditions relating to the expiration or termination of the waiting period under the HSR Act, the receipt of the Competition Act (Canada) Clearance, Canada Transportation Act Approval and CFIUS Clearance, and absence of legal restraints) have been satisfied or are capable of being satisfied at the time of extension. For more information, see the section entitled *The Merger Agreement - Termination of the Merger Agreement* .

***Future changes to Canadian, U.S. and foreign tax laws could adversely affect the combined company.***

The Canadian House of Commons, the U.S. Congress, the Organization for Economic Co-operation and Development, and other government agencies in jurisdictions where Enbridge and its affiliates do business have been focused on issues related to the taxation of multinational corporations. Specific attention has been paid to base erosion and profit shifting, where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As a result, the tax laws in Canada, the United States and other countries in which Enbridge and its affiliates do business could change on a prospective or retroactive basis, and any such change could adversely affect the combined company.

***Enbridge expects to maintain its status as a foreign private issuer in the United States effectively until January 1, 2018 and thus will be exempt from a number of rules under the U.S. Exchange Act. On January 1, 2018, Enbridge expects to lose its status as a foreign private issuer in the United States, assuming that the Merger closes in the first quarter of 2017, which could result in additional costs and expenses.***

As a foreign private issuer, Enbridge is exempt from rules under the U.S. Exchange Act that impose disclosure requirements, as well as procedural requirements, for proxy solicitations under Section 14 of the U.S. Exchange

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Act. Enbridge's officers, directors and principal shareholders are also exempt from the reporting and short-swing profit recovery provisions of Section 16 of the U.S. Exchange Act. In addition, Enbridge is permitted, under a multi-jurisdictional disclosure system adopted by the United States and Canada, to prepare its disclosure documents filed under the U.S. Exchange Act in accordance with Canadian disclosure requirements.

Once Enbridge loses its status as a foreign private issuer, it will be required to file annual, quarterly and current reports on Forms 10-K, 10-Q, and 8-K within the time periods required by the U.S. Exchange Act, which are significantly shorter than the time periods required of foreign private issuers for the less extensive periodic reporting required of them, and will have to mandatorily comply with U.S. federal proxy requirements. Enbridge would also become subject to Regulation FD of the U.S. Exchange Act, regulating the selective disclosure of non-public information, and Enbridge's directors, senior management and affiliates would be subject to the disclosure and other requirements of Section 16 of the U.S. Exchange Act in respect of their ownership of and transactions in Enbridge securities. As a result, the regulatory and compliance costs to Enbridge under U.S. securities laws as a U.S. domestic issuer may be higher than those of a Canadian foreign private issuer eligible to use the multi-jurisdictional disclosure system.

***Resales of Enbridge Common Shares following the Merger may cause the market value of Enbridge Common Shares to decline.***

Based on the number of shares of Spectra Energy common stock, stock options, phantom units, performance stock units and certain other equity-based awards outstanding as of October 31, 2016, Enbridge will issue approximately 694,771,332 Enbridge Common Shares in connection with the Merger. The issuance of these new shares and the sale of additional shares that may become eligible for sale in the public market from time to time could have the effect of depressing the market value for Enbridge Common Shares. The increase in the number of Enbridge Common Shares may lead to sales of such Enbridge Common Shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market value of, Enbridge Common Shares.

***The market value of Enbridge Common Shares may decline as a result of the Merger.***

The market value of Enbridge Common Shares may decline as a result of the Merger if, among other things, the combined company is unable to achieve the expected growth in earnings, or if the operational cost savings estimates in connection with the integration of Enbridge's and Spectra Energy's businesses are not realized or if the transaction costs related to the Merger are greater than expected. The market value also may decline if the combined company does not achieve the perceived benefits of the Merger as rapidly or to the extent anticipated by the market or if the effect of the Merger on the combined company's financial position, results of operations or cash flows is not consistent with the expectations of financial or industry analysts.

***Enbridge and Spectra Energy may be targets of securities class action and derivative lawsuits which could result in substantial costs and may delay or prevent the Merger from being completed.***

Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into merger agreements. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting consummation of the Merger, then that injunction may delay or prevent the Merger from being completed. Following announcement of the Merger, six putative class actions were filed by purported shareholders of Spectra Energy challenging the Merger. The lawsuits include *Paul Parshall v. Spectra Energy Corp, et al.*, 12809-CB, filed in the Court of Chancery for the State of Delaware, and *Mary Lincoln v. Spectra Energy Corp, et al.*, 16-cv-03019, *Joseph Koller v. Spectra Energy Corp, et al.*, 16-cv-03059, *Joseph Costner v. Spectra Energy Corp et al.*,

16-cv-03065, *John L. Williams v. Spectra Energy Corp et al.*, 16-cv-03069 and *Joseph McMillan v. Spectra Energy Corp et al.*, 16-cv-03130, all filed in the United States District Court for the Southern District of Texas. For information regarding these class actions, see the section entitled *The Merger Litigation Relating to the Merger* .

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**Risks Relating to Enbridge's Business**

You should read and consider the risk factors specific to Enbridge's business that continue to affect Enbridge after completion of the Merger. These risks are described in the section entitled *Risk Factors* in the annual information form of Enbridge dated February 19, 2016 for the year ended December 31, 2015, which is incorporated by reference into this Management Information Circular, and in other documents that are incorporated by reference into this Management Information Circular. See the section entitled *Information Contained in Management Information Circular - Information Incorporated by Reference* for the location of information incorporated by reference into this Management Information Circular.

**Risks Relating to Spectra Energy's Business**

You should read and consider the risk factors specific to Spectra Energy's business that will also affect Enbridge after completion of the Merger. These risks are described in the section entitled *Risk Factors* in the Annual Report of Spectra Energy on Form 10-K for the year ended December 31, 2015, as filed on February 25, 2016, which is incorporated by reference into this Management Information Circular, and in other documents that are incorporated by reference into this Management Information Circular. See the section entitled *Information Contained in Management Information Circular - Information Incorporated by Reference* for the location of information incorporated by reference into this Management Information Circular.

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**GENERAL INFORMATION FOR THE MEETING**

**Date, Time and Place of the Meeting**

The Enbridge Special Meeting will be held on December 15, 2016 at 1:00 p.m. (Calgary time) at the Calgary Marriott Downtown Hotel, Kensington Room, 110 9<sup>th</sup> Avenue SE, Calgary, Alberta.

**Purpose of the Meeting**

At the Enbridge Special Meeting, Enbridge Shareholders will be asked to consider, and if deemed advisable, pass with or without variation, the following ordinary resolutions:

1. **Enbridge Common Share Issuance Resolution:** authorizing and approving the issuance by Enbridge of such number of common shares in the capital of Enbridge as shall be necessary pursuant to the terms of the Merger Agreement; and
2. **By-law Amendment Resolution:** ratifying, confirming and approving certain amendments to General By-law No. 1 of Enbridge, which amendments are conditional upon the completion of the Merger pursuant to the terms of the Merger Agreement.

The Merger cannot be completed without Enbridge Shareholders approving both the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution.

**Enbridge Common Share Issuance Resolution**

Pursuant to Section 611(c) of the TSX Company Manual, security holder approval is required if the number of securities issued or issuable by a listed issuer in payment of the purchase price for an acquisition, exceeds 25% of the number of securities of the listed issuer which are outstanding, on a pre-acquisition, non-diluted basis. Pursuant to the terms of the Merger Agreement, Enbridge has agreed to issue 0.984 of an Enbridge Common Share in exchange for each share of Spectra Energy common stock issued and outstanding immediately prior to the Effective Time. Issuances by Spectra Energy of shares of Spectra Energy common stock are restricted pursuant to the terms of the Merger Agreement, subject to certain limited exceptions or the prior written consent of Enbridge. As a result, the actual number of Enbridge Common Shares that will be issued at the Effective Time will depend on the number of shares of Spectra Energy common stock outstanding at such time. For information regarding restrictions on issuances of Spectra Energy common stock, see the section entitled *The Merger – Covenants Regarding Conduct of Business by Enbridge, Merger Sub and Spectra Energy Pending the Merger*.

At the close of business on October 31, 2016, there were approximately 701,518,044 shares of Spectra Energy common stock outstanding, an aggregate of 4,550,383 shares of Spectra Energy common stock issuable in connection with outstanding Spectra Energy options, Spectra Energy phantom units, Spectra Energy performance stock units and certain other equity-based awards of Spectra Energy, and an additional 10,101,287 shares of Spectra Energy common stock reserved and available for issuance in connection with future benefits and awards under certain equity-based compensation plans of Spectra Energy. On this basis, at least 694,771,332 Enbridge Common Shares would be issued or reserved for issuance in connection with the Merger to holders of shares of Spectra Energy common stock and holders of Spectra Energy options, Spectra Energy phantom units, Spectra Energy performance stock units and certain other equity-based compensation awards of Spectra Energy. This would represent approximately 74.02% of the issued

and outstanding Enbridge Common Shares as of October 31, 2016. Immediately following completion of the Merger, former holders of Spectra Energy common stock would own approximately 42.54% of the outstanding Enbridge Common Shares, on a fully diluted basis (42.38% on a basic basis).

14,651,670 shares of Spectra Energy common stock (inclusive of the 4,550,383 shares already issuable to the holders of Spectra Energy options, Spectra Energy phantom units, Spectra Energy performance stock units and certain other equity-based awards of Spectra Energy) are reserved and available for issuance in connection with certain equity-based compensation plans of Spectra Energy as at October 31, 2016. If all of these shares of Spectra Energy common stock become issuable prior to the Effective Time, then Enbridge would be required to



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issue an additional 14,417,234 Enbridge Common Shares to the holders of Spectra Energy options, Spectra Energy phantom units, Spectra Energy performance stock units and certain other equity-based awards of Spectra Energy in connection with the Merger. Such Enbridge Common Shares would be in addition to the 694,771,332 Enbridge Common Shares issuable to the holders of Spectra Energy common stock at the Effective Time. Accordingly, if the Merger is completed, 704,710,998 Enbridge Common Shares could be issued or reserved for issuance in connection with the Merger to the holders of Spectra Energy common stock, Spectra Energy options, Spectra Energy phantom units, Spectra Energy performance stock units and certain other equity-based awards of Spectra Energy. This would represent approximately 75.08% of the issued and outstanding Enbridge Common Shares as of October 31, 2016. Immediately following completion of the Merger, former holders of Spectra Energy common stock would own approximately 42.88% of the outstanding Enbridge Common Shares, on a fully diluted basis (42.38% on a basic basis).

The following table, included at the request of the TSX, illustrates the calculation of the number of Enbridge Common Shares that may be issued at the Effective Time pursuant to the Merger Agreement. Included in this table are hypothetical situations to illustrate the number of Enbridge Common Shares and the impact on the percentage of Enbridge Common Shares owned by former holders of Spectra Energy common stock in such situations. These are hypothetical situations for illustrative purposes only and do not represent the number of shares of Spectra Energy common stock that are expected to be issued and outstanding at the Effective Time nor the number of Enbridge Common Shares that are expected to be issued pursuant to the terms of the Merger Agreement. Any issuances by Spectra Energy of shares of Spectra Energy common stock are restricted pursuant to the terms of the Merger Agreement and require the prior written consent of Enbridge.

	Outstanding as of October 31, 2016 <sup>(1)</sup>	Outstanding or reserved and available for issuance as of October 31, 2016 <sup>(1)</sup>	Outstanding or reserved and available for issuance as of October 31, 2016 plus an additional 2% of Spectra Energy common stock <sup>(1)</sup>	Outstanding or reserved and available for issuance as of October 31, 2016 plus an additional 5% of Spectra Energy common stock <sup>(1)</sup>
Spectra Energy common stock	701,518,044	701,518,044	715,548,405	736,593,946
Spectra Energy common stock underlying Spectra Energy equity-based awards	4,550,383 <sup>(2)</sup>	14,651,670 <sup>(3)</sup>	14,651,670 <sup>(3)</sup>	14,651,670 <sup>(3)</sup>
Total number of shares of Spectra Energy common stock	706,068,427	716,169,714	730,200,075	751,245,616
<b>Total Number of Enbridge Common Shares issuable to holders of Spectra Energy common stock</b>	<b>694,771,332<sup>(4)</sup></b>	<b>704,710,998<sup>(4)</sup></b>	<b>718,516,873<sup>(4)</sup></b>	<b>739,225,686<sup>(4)</sup></b>
Pro forma Ownership Interest of former holders of Spectra	42.54%	42.88%	43.36%	44.06%

Energy common stock on a fully-diluted basis (basic) <sup>(5)</sup>	(42.38%)	(42.38%)	(42.86%)	(43.57%)
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**Notes:**

- (1) These are hypothetical situations for illustrative purposes only and do not represent the number of shares of Spectra Energy common stock that are expected to be issued and outstanding at the Effective Time nor the number of Enbridge Common Shares that are expected to be issued pursuant to the terms of the Merger Agreement.
- (2) Represents number of shares of Spectra Energy common stock issuable in connection with outstanding Spectra Energy options, Spectra Energy phantom units, Spectra Energy performance stock units and certain other equity-based awards of Spectra Energy.
- (3) Represents number of shares of Spectra Energy common stock reserved and available for issuance in connection with certain equity-based compensation plans of Spectra Energy.
- (4) Numbers have been rounded down to the nearest whole number as fractional shares will not be issued and holders will instead be entitled to receive a cash payment in lieu of any fractional share. For information regarding fractional shares, see the section entitled *The Merger Agreement – No Fractional Shares*.

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(5) Based on 938,633,994 Enbridge Common Shares outstanding as of October 31, 2016. The fully-diluted pro forma ownership interest of former holders of Spectra Energy common stock is the percentage obtained as a result of dividing the total number of Enbridge Common Shares issuable to holders of Spectra Energy common stock by the sum of this number and the number of Enbridge Common Shares outstanding as of October 31, 2016.

The actual number of Enbridge Common Shares to be issued or reserved for issuance pursuant to the Merger Agreement will be determined immediately prior to the Effective Time based on the Exchange Ratio, the number of shares of Spectra Energy common stock outstanding at such time and the number of Spectra Energy options, Spectra Energy phantom units, Spectra Energy performance stock units and certain other equity-based awards of Spectra Energy outstanding at such time.

At the Enbridge Special Meeting, Enbridge Shareholders will be asked to consider, and if deemed advisable, pass with or without variation, the Enbridge Common Share Issuance Resolution, the text of which is set out below, approving the issuance of Enbridge Common Shares to Spectra Energy stockholders and the holders of Spectra Energy options, Spectra Energy phantom units, Spectra Energy performance stock units and certain other equity-based awards of Spectra Energy in connection with the Merger.

In accordance with the terms of the Merger Agreement, it is a condition to the completion of the Merger that the Enbridge Common Share Issuance Resolution be approved by the Enbridge Shareholders.

*Enbridge Common Share Issuance Resolution*

**RESOLVED AS AN ORDINARY RESOLUTION THAT:**

The issuance by Enbridge Inc. ( **Enbridge** ) of such number of common shares in the capital of Enbridge as shall be necessary pursuant to the terms of the Agreement and Plan of Merger dated as of September 5, 2016 (the **Merger Agreement** ) among Enbridge, Sand Merger Sub, Inc., a direct wholly-owned subsidiary of Enbridge, and Spectra Energy Corp ( **Spectra Energy** ), all in connection with the combination of Enbridge and Spectra Energy as provided for by the Merger Agreement, is hereby authorized and approved.

*Management of Enbridge and the Enbridge board of directors recommend that Enbridge Shareholders vote **FOR** the Enbridge Common Share Issuance Resolution. Unless otherwise specified in your proxy, the persons named in your proxy intend to vote **FOR** the Enbridge Common Share Issuance Resolution.*

**By-law Amendment Resolution**

At the Enbridge Special Meeting, Enbridge Shareholders will be asked to consider, and if deemed advisable, pass with or without variation, the By-law Amendment Resolution, the text of which is set out below, approving the By-law Amendment, as required by the terms of the Merger Agreement. In accordance with the terms of the Merger Agreement, it is a condition to the obligation of Spectra Energy to complete the Merger that the By-law Amendment be approved by the board of directors of Enbridge and the Enbridge Shareholders and that the By-law Amendment be in effect immediately prior to the Effective Time.

The directors of Enbridge have resolved to amend By-law No. 1, which regulates the business and affairs of Enbridge, pursuant to the terms of the Merger Agreement. The amendments, if approved by the Enbridge Shareholders at the Enbridge Special Meeting, will take effect immediately prior to the Effective Time.

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Amended By-law No. 1 has been reproduced in *Appendix B Amended By-law No. 1* in a form that shows both the original and the amended language. Each of the material amendments are described below.

Enbridge Shareholders may obtain a complete copy of Amended By-law No. 1 from Enbridge's Corporate Secretary by sending a written request to 200, 425 1<sup>st</sup> Street S.W., Calgary, Alberta, T2P 3L8, by faxing a written request to 1-403-231-5929, by calling 1-403-231-3900 or by sending an e-mail to [corporatesecretary@enbridge.com](mailto:corporatesecretary@enbridge.com).

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In connection with the Merger, the directors of Enbridge have resolved to amend By-law No. 1 to specify certain requirements in respect of the non-executive chair of the board of directors of Enbridge for a set period of time. Pursuant to Section 21 of Amended By-law No. 1, Gregory L. Ebel shall serve as non-executive chair of the Enbridge board of directors from the effective date of Amended By-law No. 1 until the termination of the annual general meeting of Enbridge Shareholders during the 2020 calendar year (the **Specified Chair Period**). During the Specified Chair Period, any removal of Gregory L. Ebel from such position or any modification of the duties and reporting relationships of such position will require the affirmative vote of at least 75% of the entire Enbridge board of directors. In the event that Gregory L. Ebel is unable or unwilling to continue in such office during the Specified Chair Period, the vacancy created thereby will be filled only by an individual who is also a Continuing Spectra Energy Director unless otherwise approved by the affirmative vote of at least 75% of the entire Enbridge board of directors. The board of directors shall nominate Gregory L. Ebel as a director of Enbridge and the board of directors of Enbridge and Enbridge shall use their best efforts to obtain the election as a director of Gregory L. Ebel by the Enbridge Shareholders at each meeting of the Enbridge Shareholders called to consider the election of directors prior to the 2020 annual general meeting.

In connection with the Merger, the directors of Enbridge have resolved to amend By-law No. 1 to specify certain requirements in respect of the composition of the board of directors of Enbridge for a set period of time. Pursuant to Section 22 of Amended By-law No. 1, from the effective date of Amended By-law No. 1 until the termination of the annual general meeting of Enbridge Shareholders during the 2019 calendar year (the **Specified Board Period**), the Enbridge board of directors will be comprised of 13 directors, as follows:

- (i) five individuals who were directors of Spectra Energy immediately prior to the Effective Time and their permitted replacement directors who take office after the Effective Time who are nominated in accordance with Amended By-law No. 1 (the **Continuing Spectra Energy Directors**); and
- (ii) eight individuals who were directors of Enbridge immediately prior to the Effective Time and their permitted replacement directors who take office after the Effective Time who are nominated in accordance with Amended By-law No. 1 (the **Continuing Enbridge Directors**).

In connection with the Merger, the directors of Enbridge have resolved to amend By-law No. 1 to specify the process for nominating directors for election to the board of Enbridge and for filling vacancies that arise on the board of Enbridge. Pursuant to Sections 23 and 24 of Amended By-law No. 1, from the effective date of Amended By-law No. 1 and subject to the provisions regarding the term for the non-executive chair of the board of directors of Enbridge, the Continuing Spectra Energy Directors shall have all the power and may exercise all the authority of the Enbridge board of directors to fill all vacancies on the Enbridge board of directors created by the cessation of service of a Continuing Spectra Energy Director prior to the 2019 annual general meeting of the Enbridge Shareholders, provided that any nominee who was not a director of Spectra Energy immediately prior to the Effective Time will be subject to the approval of the Continuing Enbridge Directors, such approval not to be unreasonably withheld, delayed or conditioned. Furthermore, subject to the provisions regarding the term of the non-executive chair of the board of directors of Enbridge, the Continuing Enbridge Directors will have all the power and may exercise all the authority of the Enbridge board of directors to fill all vacancies on the Enbridge board of directors created by the cessation of service of a Continuing Enbridge Director prior to the 2019 annual general meeting of Enbridge Shareholders.

In connection with the Merger, the directors of Enbridge have resolved to amend By-law No. 1 to specify certain requirements for membership on the committees of the board of directors of Enbridge during the Specified Board Period. Pursuant to Section 25 of Amended By-law No. 1, all committees of the board of directors of Enbridge,

including the audit committee, shall be comprised of such number of directors as the board of directors of Enbridge shall determine. However, except as otherwise approved by the affirmative vote of at least 75% of the entire board of directors of Enbridge, during the Specified Board Period, (i) each committee shall be comprised of the Continuing Spectra Directors and the Continuing Enbridge Directors in proportion to the number of Continuing Spectra Directors and Continuing Enbridge Directors on the board of directors of Enbridge, on a *pro rata* basis, with the number of Continuing Spectra Directors rounded up or down to the nearest whole number, and (ii) there shall not be less than one Continuing Spectra Director on each committee.

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In connection with the Merger, the directors of Enbridge have resolved to amend By-law No. 1 to specify certain restrictions on amendments to Amended By-law No. 1 during the Specified Board Period and the Specified Chair Period. Pursuant to Section 26 of Amended By-law No. 1, during the Specified Chair Period, the provisions of Amended By-law No. 1 relating to the non-executive chair of the board of directors of Enbridge may only be amended by the affirmative vote of at least 75% of the entire board of directors of Enbridge. During the Specified Board Period, the provisions of the Amended By-law No. 1 relating to the Continuing Spectra Energy Directors may only be amended by the affirmative vote of at least 75% of the entire board of directors of Enbridge.

In connection with the Merger, the directors of Enbridge have resolved to amend By-law No. 1 to include a new provision regarding the filling of vacancies on the board of directors of Enbridge during the Specified Board Period. Pursuant to subsection 30(b) of Amended By-law No. 1, during the Specified Board Period, unless otherwise approved by the affirmative vote of at least 75% of the entire board of directors of Enbridge, all vacancies on the board of directors of Enbridge created by the cessation of service of a Continuing Spectra Energy Director shall be filled by a nominee selected by the Continuing Spectra Energy Directors. In addition, all vacancies on the board of directors of Enbridge created by the cessation of service of a Continuing Enbridge Director shall be filled by a nominee selected by the Continuing Enbridge Directors.

In connection with the Merger, the directors of Enbridge have resolved to amend the provisions of By-law No. 1 relating to the duties of the non-executive chair of the board of directors of Enbridge. Section 45 of Amended By-law No. 1 provides the duties of the non-executive chair of the board of directors of Enbridge. The non-executive chair of the board of Enbridge will have the responsibility:

to act as a regular sounding board, counselor and confidant for the Chief Executive Officer of Enbridge, including helping to review strategies and define issues;

to act as a liaison between the board of directors of Enbridge and the Chief Executive Officer of Enbridge to ensure he or she is aware, on an ongoing basis, of any concerns or suggestions the board may have in furtherance of ensuring that the best interest of Enbridge and its stakeholders are observed;

to lead the board of directors of Enbridge in evaluating, on an annual and ongoing basis, the performance of the Chief Executive Officer of Enbridge, levels of executive compensation and the implementation of effective chief executive officer and executive management succession and development plans;

to work closely with the Chief Executive Officer of Enbridge to ensure that management strategies, plans and performance matters are presented, as necessary, to the board of directors of Enbridge;

to ensure that the board of directors of Enbridge governs Enbridge's businesses and affairs;

to oversee the Enbridge's board of directors' discharge of its duties imposed by law and to ensure that the board is alert to its obligations to Enbridge and its stakeholders;

to provide leadership to the board of directors of Enbridge and to assist the board in reviewing and monitoring the goals, strategies, policies and directions of Enbridge;

to communicate with the board of directors of Enbridge to keep it up to date on all major developments including timely discussion of potential developments of relevance to Enbridge;

to ensure the board of directors of Enbridge has sufficient information to permit it to properly make major decisions when such decisions are required;

to establish the frequency of meetings of the board of directors of Enbridge and to review such frequency from time to time, as considered appropriate or as requested by the board, and to work with committee chairs to ensure that relevant matters are being properly addressed by the appropriate committees;



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to chair meetings of the board of directors of Enbridge and meetings of the Enbridge Shareholders;

to recommend the committees of the board of directors of Enbridge and their composition, to review the need for, and the performance and suitability of, those committees and to recommend such adjustments as are deemed necessary from time to time, all in conjunction with the Chief Executive Officer of Enbridge and the Governance Committee;

to ensure that meetings of the board of directors of Enbridge are conducted in an efficient, effective and focused manner, and to attend all committee meetings;

to review and assess, in conjunction with the Chief Executive Officer of Enbridge and the chair of the Governance Committee, each director's attendance and performance, as well as the performance and effectiveness of the various committees;

to work with the Chief Executive Officer of Enbridge and the chair of the Governance Committee to assure the presence of the appropriate mix of skills and abilities on the board of directors of Enbridge to promote the continued growth and success of the organization;

to work with the chair of the Governance Committee to assure an orderly succession to the non-executive chair of the board of directors of Enbridge and thereby continuity of strategy and corporate development in the event of the retirement or resignation of the non-executive chair of the board of directors of Enbridge; and

to consult with committee chairs to set agendas for committee meetings.

During the Specified Chair Period, the duties of the non-executive chair of the board of directors of Enbridge may only be modified with the affirmative vote of at least 75% of the entire board of directors of Enbridge.

All other revisions reflected in Amended By-law No. 1 are non-material conforming or consequential adjustments to the language or numbering of By-law No. 1. As such, although reflected in *Appendix B Amended By-law No. 1*, these conforming or consequential amendments have not been specifically described above.

*By-law Amendment Resolution*

**RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. The amendments to General By-law No. 1 of Enbridge Inc. ( **Enbridge** ), as set forth in *Appendix B Amended By-law No. 1* to Enbridge's Management Information Circular dated November 10, 2016, which amendments are conditional upon the completion of the proposed merger of Sand Merger Sub, Inc. with and

into Spectra Energy Corp (the **Merger** ) and, if the Merger is completed, will be in effect immediately prior to the effective time of the Merger, are hereby ratified, confirmed and approved.

2. The Corporate Secretary or any officer of Enbridge be and each of them is hereby authorized, for and on behalf of Enbridge, to execute and deliver such other documents and instruments and take such other actions as such officer may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.

***Management of Enbridge and the Enbridge board of directors recommend that Enbridge Shareholders vote FOR the By-law Amendment Resolution. Unless otherwise specified in your proxy, the persons named in your proxy intend to vote FOR the By-law Amendment Resolution.***

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**Recommendation of the Enbridge Board of Directors**

At its meeting held on September 5, 2016, having undertaken a review of, and carefully considered, information concerning Spectra Energy, the proposed Merger and alternatives, including in-depth consultation with Enbridge's management and Enbridge's legal and financial advisors (including, among other things, a review and consideration of the opinion of Credit Suisse and the opinion of RBC), and consideration of such other matters as the board of directors of Enbridge considered relevant, the Enbridge board of directors unanimously determined, by all directors present, that the Merger is in the best interests of Enbridge and resolved to recommend that Enbridge Shareholders vote in favour of the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution. ***Accordingly, the board of directors of Enbridge recommends that Enbridge Shareholders vote FOR the Enbridge Common Share Issuance Resolution and FOR the By-law Amendment Resolution.***

For further information regarding Enbridge's reasons for the Merger, see the section entitled *The Merger – Enbridge's Reasons for the Merger*.

**Record Date and Enbridge Shareholders Entitled to Vote**

The directors of Enbridge have fixed November 7, 2016 as the record date. Enbridge Shareholders of record at the close of business on November 7, 2016 are entitled to notice of the Enbridge Special Meeting and to vote thereat or at any adjournment or postponement thereof.

As of the close of business on November 7, 2016, there were issued and outstanding a total of 938,681,216 Enbridge Common Shares. Each issued and outstanding Enbridge Common Share on the record date is entitled to one vote on each of the resolutions to be considered and voted on at the Enbridge Special Meeting. As of the date of this Management Information Circular, there are also 18 series of preference shares issued and outstanding. The issued and outstanding preference shares do not have voting rights and none will be voting at the Enbridge Special Meeting.

**Quorum**

At least three persons holding, or representing by proxy, at least 25% of the issued and outstanding Enbridge Common Shares entitled to vote at the Enbridge Special Meeting must be present at the Enbridge Special Meeting in order to constitute a quorum. If you submit a properly executed form of proxy or vote by telephone or the Internet, you will be considered part of the quorum.

Abstentions will be deemed present and entitled to vote at the Enbridge Special Meeting for the purpose of determining the presence of a quorum. Enbridge Common Shares held through a broker or other intermediary with respect to which the Beneficial Shareholder fails to give voting instructions to the broker or other intermediary, and Enbridge Common Shares with respect to which the Beneficial Shareholder otherwise fails to vote, will not be considered present for the purpose of determining the presence of a quorum.

If a quorum is not present or if there are not sufficient votes for the approval of the Enbridge Common Share Issuance Resolution or the By-law Amendment Resolution, Enbridge expects that the Enbridge Special Meeting will be adjourned or postponed to solicit additional proxies. At any subsequent reconvening of the Enbridge Special Meeting, all proxies will be voted in the same manner as the manner in which such proxies would have been voted at the original convening of the Enbridge Special Meeting, except for any proxies that have been validly revoked or withdrawn prior to the subsequent meeting. See the section entitled *General Information for the Meeting Adjournment*.

**Required Vote**

The Merger cannot be completed without Enbridge Shareholders approving the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution. Approval of each of the Enbridge Common Share

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Issuance Resolution and the By-law Amendment Resolution requires the affirmative vote of a majority of the votes cast in respect of the respective resolutions by holders of Enbridge Common Shares present in person or represented by proxy at the Enbridge Special Meeting. Therefore, if you abstain from voting or submit an instruction to your broker or other intermediary that fails to vote **FOR** the Enbridge Common Share Issuance Resolution or the By-law Amendment Resolution, it will have the same effect as a vote **AGAINST** the Enbridge Common Share Issuance Resolution or the By-law Amendment Resolution, respectively. If you fail to submit any instruction to your broker or other intermediary, your Enbridge Common Shares not be counted as present for purposes of a quorum, and it will have no effect on either the Enbridge Common Share Issuance Resolution or the By-law Amendment Resolution, assuming that a quorum is otherwise present at the Enbridge Special Meeting.

### **Voting by Directors and Executive Officers**

As of the record date for the Enbridge Special Meeting, the Enbridge directors and executive officers had the right to vote approximately 1,524,040 Enbridge Common Shares, representing approximately 0.16% of the Enbridge Common Shares then outstanding and entitled to vote at the Enbridge Special Meeting. It is expected that the Enbridge directors and executive officers who are Enbridge Shareholders will vote **FOR** the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution, although none of them has entered into any agreement requiring them to do so.

### **Adjournment**

In accordance with By-law No. 1, the chair of the Enbridge Special Meeting may, with the consent of the meeting, and subject to such conditions as the meeting may decide, adjourn the Enbridge Special Meeting from time to time and from place to place. If the Enbridge Special Meeting is adjourned for less than 30 days it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the Enbridge Special Meeting that it is adjourned.

In addition, the Merger Agreement provides that, if, on a date that is one business day prior to the scheduled date of the Enbridge Special Meeting, Enbridge has not received proxies that are necessary to approve both the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution, whether or not a quorum is present, Enbridge is required to make one or more successive postponements or adjournments of the Enbridge Special Meeting as long as the date of the Enbridge Special Meeting is not postponed or adjourned more than 10 days in connection with any one postponement or adjournment or more than an aggregate of 20 days from the original date of the Enbridge Special Meeting.

At any subsequent reconvening of the Enbridge Special Meeting, all proxies will be voted in the same manner as the manner in which such proxies would have been voted at the original convening of the Enbridge Special Meeting, except for any proxies that have been validly revoked or withdrawn prior to the subsequent meeting. See the section entitled *General Information for the Meeting Appointment and Revocation of Proxies* .

### **Solicitation of Proxies**

This Management Information Circular is furnished in connection with the solicitation of proxies by or on behalf of the Enbridge board of directors and management of Enbridge for use at the Enbridge Special Meeting, and at any adjournment or postponement thereof, for the purposes set forth in the Notice of Special Meeting. The Enbridge board of directors and management of Enbridge are soliciting proxies of all registered Enbridge Shareholders and Beneficial Shareholders primarily by mail and electronic means, supplemented by telephone or other contact by employees of Enbridge (who will receive no additional compensation) and all such costs will be borne by Enbridge. Enbridge has engaged Kingsdale Shareholder Services as strategic advisor and proxy solicitation agent for Canada and outside of

North America and will pay fees of approximately \$500,000 to Kingsdale Shareholder Services, a portion of which is conditional on certain events, for the proxy solicitation service in addition to certain out-of-pocket expenses. Enbridge has engaged MacKenzie Partners, Inc. as proxy

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solicitation agent for the United States and has agreed to pay MacKenzie Partners, Inc. fees of approximately US\$50,000, in addition to reimbursement for certain out-of-pocket expenses. Enbridge may also reimburse brokers and other persons holding Enbridge Common Shares in their name or in the name of nominees for their costs incurred in sending proxy material to their principals in order to obtain their proxies.

Additionally, Enbridge may use Broadridge's QuickVote service to assist Beneficial Shareholders with voting their Enbridge Common Shares. Beneficial Shareholders may be contacted by Kingsdale Shareholder Services and MacKenzie Partners Inc., Enbridge's strategic advisor and proxy solicitation agents, to conveniently obtain a vote directly over the telephone. Broadridge then tabulates the results of all instructions received and provides the appropriate instructions with respect to the Enbridge Common Shares to be represented at the Enbridge Special Meeting.

If you have any questions about the Merger, the other transactions contemplated by the Merger Agreement, including the Enbridge Common Share Issuance Resolution or the By-law Amendment, the Enbridge Special Meeting or the proxy materials or if you need assistance submitting your proxy or voting your Enbridge Common Shares or need additional copies of this document or the enclosed form of proxy, you should contact Enbridge's strategic advisors and proxy solicitation and information agents:

**Canada and outside North America:** Kingsdale Shareholder Services, by telephone at 1-888-518-1554 (North American Toll Free) or 1-416-867-2272 (Collect Outside North America), or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

**United States:** MacKenzie Partners, Inc., by telephone at 1-800-322-2885 (North American Toll Free) or 1-212-929-5500 (Collect Outside North America), or by email at [enbridge@mackenziepartners.com](mailto:enbridge@mackenziepartners.com).

This Management Information Circular does not constitute the solicitation of a proxy by any person in any jurisdiction in which such a solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such a solicitation.

**Appointment and Revocation of Proxies**

Each of the persons named in the accompanying form of proxy or voting instruction form is a director or an executive officer of Enbridge. **An Enbridge Shareholder who wishes to appoint some other person (who is not required to be an Enbridge Shareholder) as his or her representative at the Enbridge Special Meeting may do so either by inserting such person's name in the blank space provided in the form of proxy and deleting the names printed thereon or by completing a proper proxy.** Such Enbridge Shareholder should notify the nominee of his or her appointment and instruct the nominee on how the Enbridge Common Shares are to be voted.

A proxy will not be valid for the Enbridge Special Meeting or any adjournment or postponement thereof unless it is signed by the Enbridge Shareholder or by the Enbridge Shareholder's attorney authorized in writing or, if the Enbridge Shareholder is a corporation, it must be executed under corporate seal or by a duly authorized officer or attorney of the corporation and delivered to Enbridge, c/o CST Trust Company, the Registrar and Transfer Agent of Enbridge, at P.O. Box 721, Agincourt, Ontario, M1S 0A1, Attention: Proxy Department or by fax: 1-866-781-3111 (toll-free in North America; outside of North America: 1-416-368-2502), not later than 6:00 p.m. (Calgary time) on December 13, 2016, or if the Enbridge Special Meeting is adjourned or postponed, not later than 6:00 p.m. (Calgary time) on the day that is two business days before the Enbridge Special Meeting is reconvened. Late proxies may be accepted or rejected by

the Chairman at his discretion and the Chairman is under no obligation to accept or reject any particular late proxy. The time limit for the deposit of proxies may be waived or extended by the Chairman at his discretion without notice.

Enbridge Shareholders whose Enbridge Common Shares are registered in their names may also vote their Enbridge Common Shares using a touch-tone telephone by calling 1-888-489-7352 (toll-free) or through the internet at <http://www.cstvotemyproxy.com>. If voting by phone or on the internet, please follow the instructions



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carefully and ensure that you have your proxy in hand as you will be required to enter the control number located on the proxy. Your vote must be received not later than 6:00 p.m. (Calgary time) on December 13, 2016, or if the Enbridge Special Meeting is adjourned or postponed, not later than 6:00 p.m. (Calgary time) on the day that is two business days before the Enbridge Special Meeting is reconvened. If you wish to attend the Enbridge Special Meeting in person or appoint someone else to attend on your behalf, you must do so either by the internet, mail or fax. The telephone voting service is not available for this purpose.

An Enbridge Shareholder may change a vote made by proxy by voting again on the internet or by telephone, or completing a new form of proxy that is dated later than the form of proxy previously submitted and mailing it or faxing it to CST Trust Company. The new instructions will revoke the earlier instructions. CST Trust Company must receive the new instructions by 6:00 p.m. (Calgary time) on December 13, 2016 regardless of the voting method chosen. If the Enbridge Special Meeting is adjourned or postponed, CST Trust Company must receive the new instructions by 6:00 p.m. (Calgary time) two business days before the Enbridge Special Meeting is reconvened.

An Enbridge Shareholder may revoke a vote made by proxy by: (i) sending CST Trust Company, at the address or fax number specified above, notice in writing (from the Enbridge Shareholder or a person authorized to sign on your behalf) by 6:00 p.m. (Calgary time) on December 14, 2016, or by 6:00 p.m. (Calgary time) on the business day before the meeting is reconvened if it was adjourned or postponed; (ii) giving the notice to the Chair of the Enbridge Special Meeting before the start of the meeting (if you give the Chair of the Enbridge Special Meeting the notice after the meeting has started, the revocation will apply only to the items of business that have not already been voted on); or (iii) in any other manner permitted by law. If the Enbridge Common Shares are owned by a corporation, the notice must be executed under corporate seal or by a duly authorized officer or attorney of the corporation.

**Advice to Beneficial Holders of Enbridge Common Shares**

**The information set forth in this section is of significant importance to many Enbridge Shareholders, as a substantial number of Enbridge Shareholders do not hold Enbridge Common Shares in their own name.** Beneficial Shareholders should note that only proxies deposited by Enbridge Shareholders whose names appear on the records of Enbridge as the registered holder of Enbridge Common Shares can be recognized and acted upon at the Enbridge Special Meeting. If Enbridge Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those Enbridge Common Shares will not be registered in the Enbridge Shareholder's name on the records of Enbridge. Such Enbridge Common Shares will more likely be registered under the name of the Enbridge Shareholder's broker or an agent of that broker. In Canada, the majority of Enbridge Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). In the United States, the majority of Enbridge Common Shares are registered under the name Cede & Co. (the registration name for Cede and Company, which acts as nominee for many U.S. brokerage firms). Enbridge Common Shares held by brokers or their agents or nominees can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and other intermediaries are prohibited from voting Enbridge Common Shares for their clients. **Therefore, Beneficial Shareholders should ensure that the instructions regarding the voting of their Enbridge Common Shares are communicated to the appropriate person on a timely basis.**

Applicable regulatory policy in Canada and the United States requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Each broker or other intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Enbridge Common Shares are voted at the Enbridge Special Meeting. In some cases, the voting instruction form provided to Beneficial Shareholders by their broker or other intermediary is very similar, even identical, to the form of proxy provided to registered Enbridge

Shareholders. However, its purpose is limited to instructing the registered Enbridge Shareholder (the broker or other intermediary, or an agent thereof) on how to vote on behalf of the Beneficial Shareholder. Most

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brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge. Broadridge typically prepares a machine readable voting instruction form which is mailed to Beneficial Shareholders with a request that Beneficial Shareholders return the forms to Broadridge or follow specified telephone or internet based voting procedures. Broadridge then tabulates the results of the voting instructions received and provides appropriate instructions regarding the voting of Enbridge Common Shares to be represented at the Enbridge Special Meeting. **A Beneficial Shareholder receiving a voting instruction form from Broadridge cannot use that form to vote Enbridge Common Shares directly at the Enbridge Special Meeting. The voting instruction form must be returned to Broadridge or voting instructions communicated to Broadridge well in advance of the Enbridge Special Meeting in order to have such Enbridge Common Shares voted at the Enbridge Special Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Enbridge Special Meeting for the purposes of voting Enbridge Common Shares registered in the name of his or her broker or other intermediary, a Beneficial Shareholder may attend the Enbridge Special Meeting as proxyholder for the registered Enbridge Shareholder and vote the Enbridge Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Enbridge Special Meeting and indirectly vote their Enbridge Common Shares must do so as proxyholder for the registered Enbridge Shareholder. They should contact their broker, agent or other intermediary well in advance of the Enbridge Special Meeting.**

### **Voting of Proxies**

All Enbridge Common Shares represented at the Enbridge Special Meeting by a properly executed proxy will be voted on any ballot that may be called for, and where a choice with respect to any matter to be acted upon has been specified in the proxy, the Enbridge Common Shares represented by the proxy will be voted or withheld from voting in accordance with such specification. **In the absence of any such specification or instruction, the persons whose names appear on the form of proxy, if named as proxies, will vote in favour of both the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution.**

**The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Special Meeting and any other matters which may properly come before the Enbridge Special Meeting.** As of the date hereof, management of Enbridge is not aware of any amendments, variations or other matters to be presented for action at the Enbridge Special Meeting. If, however, amendments, variations or other matters properly come before the Enbridge Special Meeting, the persons designated in the form of proxy will vote thereon in accordance with their judgment pursuant to the discretionary authority conferred by such proxy with respect to such matters.

### **Voting Shares and Principal Holders**

The directors of Enbridge have fixed November 7, 2016 as the record date. Enbridge Shareholders of record at the close of business on November 7, 2016 are entitled to notice of the Enbridge Special Meeting and to vote thereat or at any adjournment or postponement thereof.

As of the close of business on November 7, 2016, there were issued and outstanding a total of 938,681,216 Enbridge Common Shares. Each issued and outstanding Enbridge Common Shares on the record date is entitled to one vote on each of the resolutions to be considered and voted on at the Enbridge Special Meeting. As of the date of this Management Information Circular, there are also 18 series of preference shares issued and outstanding. The issued and outstanding preference shares do not have voting rights and none will be voting at the Enbridge Special Meeting.

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To the knowledge of the Enbridge board of directors and of the executive officers of Enbridge, other than as described below, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of Enbridge.

Capital World Investors filed a report on October 7, 2016 indicating that, as at September 30, 2016, it held 95,707,623 Enbridge Common Shares, representing 10.24% of issued and outstanding Enbridge Common Shares as at such date.

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**INFORMATION ABOUT THE COMPANIES**

**Enbridge Inc.**

Enbridge was incorporated under the *Companies Ordinance* of the Northwest Territories and was continued under the Canada Corporations Act. Enbridge is a North American leader in delivering energy. As a transporter of energy, Enbridge operates, in Canada and the United States, the world's longest crude oil and liquids transportation system. Enbridge also has significant and growing involvement in natural gas gathering, transmission and midstream businesses. As a distributor of energy, Enbridge owns and operates Canada's largest natural gas distribution company and provides distribution services in Ontario, Quebec, New Brunswick and New York State. As a generator of energy, Enbridge has interests in nearly 2,000 MW of net renewable and alternative energy generating capacity which is operating, secured or under construction, and Enbridge continues to expand its interests in wind, solar and geothermal power. Enbridge employs nearly 11,000 people, primarily in Canada and the United States. Enbridge holds all of the common stock of Merger Sub, a direct wholly-owned subsidiary formed in Delaware for the sole purpose of completing the Merger.

Enbridge is a public company trading on both the TSX and the NYSE under the ticker symbol ENB. Enbridge's principal executive offices are located at 200, 425 - 1<sup>st</sup> Street S.W., Calgary, Alberta, Canada T2P 3L8, and its telephone number is 1-403-231-3900.

Additional information about Enbridge can be found on its website at <http://www.enbridge.com>. The information contained in, or that can be accessed through, Enbridge's website is not intended to be incorporated into this Management Information Circular. For additional information about Enbridge, see the sections entitled *Information Contained in Management Information Circular*, *Information Incorporated by Reference* and *Additional Information* and *Appendix G Information Concerning Enbridge Inc.*

**Sand Merger Sub, Inc.**

Merger Sub, a Delaware corporation and a direct wholly-owned subsidiary of Enbridge, was formed solely for the purpose of facilitating the Merger. Merger Sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the Merger Agreement. By operation of the Merger, Merger Sub will be merged with and into Spectra Energy. As a result, Spectra Energy will survive the Merger as a direct wholly-owned subsidiary of Enbridge. Upon completion of the Merger, Merger Sub will cease to exist as a separate entity.

Merger Sub's principal executive offices are located at 200, 425 - 1<sup>st</sup> Street S.W., Calgary, Alberta, Canada T2P 3L8, and its telephone number is 1-403-231-3900.

**Spectra Energy Corp**

Spectra Energy is a Delaware corporation. Spectra Energy, through its subsidiaries and equity affiliates, owns and operates a large and diversified portfolio of complementary natural gas-related energy assets and is one of North America's leading natural gas infrastructure companies. Spectra Energy also owns and operates a crude oil pipeline system that connects Canadian and U.S. producers to refineries in the U.S. Rocky Mountain and Midwest regions. For over a century, Spectra Energy and its predecessor companies have developed critically important pipelines and related energy infrastructure connecting natural gas supply sources to premium markets. Spectra Energy currently operates in three key areas of the natural gas industry: gathering and processing, transmission and storage, and distribution. Spectra Energy provides transmission and storage of natural gas to customers in various regions of the

northeastern and southeastern U.S., the Maritime Provinces in Canada, the Pacific Northwest in the U.S. and Canada, and in the Province of Ontario, Canada. Spectra Energy also provides natural gas sales and distribution services to retail customers in Ontario, and natural gas gathering and processing services to customers in western Canada. Spectra Energy also owns a 50% interest in DCP Midstream, LLC, based in Denver, Colorado, one of the leading natural gas gatherers in the U.S., and one of the largest U.S. producers and marketers of natural gas liquids.

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Spectra Energy is a public company trading on the NYSE under the ticker symbol SE . Spectra Energy s principal executive offices are located at 5400 Westheimer Court, Houston, Texas 77056, and its telephone number is 1-713-627-5400.

Additional information about Spectra Energy can be found on its website at <http://www.spectraenergy.com>. The information contained in, or that can be accessed through, Spectra Energy s website is not intended to be incorporated into this Management Information Circular. For additional information about Spectra Energy, see the sections entitled *Additional Information* , *Information Contained in Management Information Circular* *Information Incorporated by Reference* and *Appendix F Information Concerning Spectra Energy Corp* .

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**Table of Contents****THE MERGER**

*This section of this Management Information Circular describes the various aspects of the Merger and related matters. This section may not contain all of the information that is important to you. You should carefully read this entire Management Information Circular and the documents incorporated by reference into this Management Information Circular, including the full text of the Merger Agreement, a copy of which is attached to this Management Information Circular as Appendix A Merger Agreement, for a more complete understanding of the Merger. In addition, important business and financial information about each of Enbridge and Spectra Energy is included in or incorporated by reference into this Management Information Circular. For a listing of the documents incorporated by reference into this Management Information Circular, see the section entitled Information Contained in Management Information Circular Information Incorporated by Reference.*

**Transaction Structure**

The Merger Agreement provides that, subject to the terms and conditions of the Merger Agreement, at the Effective Time, Merger Sub, a direct wholly-owned subsidiary of Enbridge, will merge with and into Spectra Energy. As a result, Spectra Energy will survive the Merger as a direct wholly-owned subsidiary of Enbridge. The terms and conditions of the Merger are contained in the Merger Agreement, which is described in this Management Information Circular and attached to this Management Information Circular as Appendix A Merger Agreement. You are encouraged to read the Merger Agreement carefully, as it is the legal document that governs the Merger. All descriptions in this summary and elsewhere in this Management Information Circular of the terms and conditions of the Merger are qualified by reference to the Merger Agreement.

**Merger Consideration**

Upon the completion of the Merger, each share of Spectra Energy common stock issued and outstanding immediately prior to the Effective Time (other than Spectra Energy common stock owned directly by Enbridge, Merger Sub or Spectra Energy, and in each case not held on behalf of third parties) will be automatically converted into the right to receive 0.984 of a validly issued, fully paid and non-assessable Enbridge Common Share (i.e. the Merger Consideration).

The actual number of Enbridge Common Shares to be issued pursuant to the Merger Agreement will be determined at the Effective Time based on the Exchange Ratio, the number of shares of Spectra Energy common stock outstanding at such time and the number of Spectra Energy stock options, phantom units, performance stock units and certain other equity-based awards outstanding at such time.

Pursuant to the terms of the Merger Agreement, which restricts stock issuances by Spectra Energy (subject to certain limited exceptions or the prior written consent of Enbridge or Spectra Energy, as applicable), at least 701,518,044 shares of Spectra Energy common stock are expected to be outstanding and at least 4,550,383 shares of Spectra Energy common stock are expected to be issuable to the holders of Spectra Energy options, Spectra Energy phantom units, Spectra Energy performance stock units and certain other equity-based awards of Spectra Energy immediately prior to the Effective Time. On this basis, at least 694,771,332 Enbridge Common Shares would be issued or reserved for issuance in connection with the Merger. Immediately following completion of the Merger, former holders of Spectra Energy common stock would own approximately 42.54% of the outstanding Enbridge Common Shares, on a fully diluted basis (42.38% on a basic basis), based on the number of securities of Enbridge and Spectra Energy outstanding as of October 31, 2016. The actual percentage of Enbridge Common Shares held by the former holders of Spectra Energy common stock at the Effective Time will be determined based on the number of shares of Spectra Energy common stock, Spectra Energy stock options, phantom units, performance stock units and certain other



equity-based awards outstanding immediately prior to such time.

Based on the closing price of Enbridge Common Shares on the NYSE on September 2, 2016, the last full trading day before the announcement of the Merger Agreement, the per share value of Spectra Energy common stock implied by the Merger Consideration was US\$40.33. Based on the closing price of Enbridge Common Shares on

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the NYSE on November 10, 2016, the per share value of Spectra Energy common stock implied by the Merger Consideration was US\$41.40. The implied value of the Merger Consideration will fluctuate, however, as the market price of Enbridge Common Shares fluctuates, because the Merger Consideration that is payable per share of Spectra Energy common stock is a fixed fraction of an Enbridge Common Share. As a result, the value of the Merger Consideration that Spectra Energy stockholders will receive upon the completion of the Merger could be greater than, less than or the same as the value of the Merger Consideration on the date of this Management Information Circular or at the time of the Enbridge Special Meeting. Accordingly, you are encouraged to obtain current stock price quotations for Spectra Energy common stock and Enbridge Common Shares before deciding how to vote with respect to the approval of Enbridge Common Share Issuance and the By-law Amendment. Spectra Energy common stock trades on the NYSE under the ticker symbol SE and Enbridge Common Shares trade on the NYSE and the TSX under the ticker symbol ENB. The price of Enbridge Common Shares on the NYSE is reported in U.S. dollars, while the price of Enbridge Common Shares on the TSX is reported in Canadian dollars.

**Background of the Merger**

Each of the Enbridge board of directors and the Spectra Energy board of directors, each with their respective senior management, and with the assistance of their respective financial and legal advisors, from time to time have separately and independently reviewed and considered various potential strategic opportunities and alternatives in light of industry, regulatory and economic trends and developments.

As part of these reviews, both Enbridge and Spectra Energy have evaluated potential transactions to advance their respective strategic objectives of enhancing shareholder and stockholder value, supporting dividend growth and better serving customers and employees. In furtherance of these objectives, in recent years, Enbridge senior management and Spectra Energy senior management have from time to time met with various industry executives, including each other, to discuss possible strategic transactions and have discussed sporadically with each other the idea of a possible business combination between the two companies. As part of each company's strategic planning process, and in some instances based on these discussions, each of the Enbridge board of directors and the Spectra Energy board of directors had preliminarily considered possible transaction alternatives with other third parties. During 2015 and 2016, the Spectra Energy board of directors considered, and in some cases Spectra Energy management engaged in negotiations regarding, several potential strategic acquisitions/business combination transactions with third parties. These transactions were not pursued by the Spectra Energy board of directors for various reasons, including failure to reach an acceptable agreement with the potential counterparties. During 2015, the Enbridge board of directors considered potential strategic acquisitions/business combination transactions with third parties, however, the Enbridge board did not pursue any alternative transaction as the transactions considered did not fully meet Enbridge's investment criteria including fit with strategy, industry fundamentals, and financial risk and reward considerations in a manner that would create shareholder value.

Enbridge's senior management has considered or discussed the possibility of a business combination transaction between Enbridge and Spectra Energy periodically for at least the last 18 months. During this period, Enbridge's senior management has continued to monitor and evaluate Spectra Energy and since November 2015, has provided periodic updates to the Enbridge board of directors, including presenting to the board on the possibility of a business combination transaction with Spectra Energy at Enbridge's regularly scheduled board meetings in November and December 2015, as well as at the board meeting held in February 2016. Gov. James J. Blanchard disclosed that his law firm does work for Spectra Energy and he has participated in representing Spectra Energy. As a result of this conflict, Gov. Blanchard did not participate in these discussions or in any future meetings or discussions relating to a possible transaction with Spectra Energy.

On May 10 and 11, 2016, the Enbridge board of directors held a regularly scheduled meeting, which was also attended by certain of Enbridge's senior management. During the meeting, the Enbridge board of directors and members of senior management reviewed the possibility of a business combination transaction between Enbridge and Spectra Energy, including the strong strategic fit, long term growth platform, short and long term financial

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benefits, cultural fit and view of the strategic strengths of Spectra Energy's asset base. The Enbridge board of directors determined that Enbridge senior management should continue to analyze a potential business combination transaction with Spectra Energy and initiate discussions with Spectra Energy's senior management about such a transaction.

On May 20, 2016, Mr. Al Monaco, the Chief Executive Officer of Enbridge, called Mr. Gregory L. Ebel, the Chairman and Chief Executive Officer of Spectra Energy, to inform Mr. Ebel that the Enbridge board of directors recently had discussed the possibility of combining Enbridge with Spectra Energy and the board's view, which Mr. Monaco shared, that it was an appropriate time for both companies to consider a possible transaction. During the call, Mr. Monaco and Mr. Ebel discussed the strategic rationale for a possible transaction and agreed that their respective senior management teams would coordinate to schedule a meeting during the first week of June, at which Enbridge's senior management would present preliminary parameters under which a possible transaction might occur. During the conversation, Mr. Ebel informed Mr. Monaco that the strategic rationale for a possible transaction was consistent with the discussions that the Spectra Energy board of directors also had on this topic from time to time. On May 27, 2016, Mr. Ebel informed the Spectra Energy directors of his discussion with Mr. Monaco and the upcoming meeting with Enbridge senior management.

On June 1, 2016, Mr. Monaco and Mr. Ebel, accompanied by each company's Chief Financial Officer and Chief Development Officer, met in Denver, Colorado to further discuss a possible transaction. At the meeting, Enbridge senior management presented its view regarding the strategic rationale for a transaction between the two companies, including the potential synergies, value drivers and dividend payout assumptions for the combined company. Enbridge senior management also presented its preliminary proposal on the financial parameters of a possible transaction, which included a premium of approximately 10% to the NYSE trading price of Spectra Energy common stock, with approximately 90% of the consideration consisting of Enbridge Common Shares and the remainder of the consideration consisting of cash. Also during the meeting, Mr. Monaco and Mr. Ebel discussed governance matters for the combined company. Mr. Monaco indicated that Enbridge's preliminary view was that Mr. Ebel would become non-executive Chairman of the board of directors of the combined company, Mr. Monaco would serve as the Chief Executive Officer of the combined company, that there would be proportionate director representation (based on approximate relative share ownership) on the board of the combined company and that the combined company's management team would be selected with the objective of building the strongest possible management team. Mr. Ebel told Mr. Monaco that he would discuss Enbridge's preliminary proposal and the strategic rationale for a potential transaction with the Spectra Energy board of directors. Following the meeting, Mr. Ebel informed the Spectra Energy board of directors that discussions with Enbridge were constructive, there appeared to be significant value that could be created by combining the two companies and he would provide a detailed update during the next Spectra Energy board meeting.

On June 13 and 14, 2016, the Spectra Energy board of directors held a regularly scheduled meeting, which was also attended on June 14 by Spectra Energy management and representatives of certain of Spectra Energy's financial advisors and Wachtell Lipton, Spectra Energy's outside counsel. During the meeting, Spectra Energy management and representatives of certain of Spectra Energy's financial advisors provided a summary of the preliminary discussions between Enbridge and Spectra Energy senior management and the preliminary terms that Enbridge had proposed for a possible combination of the two companies, including the financial parameters of a possible transaction, the combined company's potential dividend policy and the possible composition of the combined company's board and management. Representatives of certain of Spectra Energy's financial advisors reviewed Spectra Energy's and Enbridge's recent stock performance and discussed preliminary financial matters regarding the proposed transaction, including with respect to each company on a standalone and combined basis. Also at this meeting, representatives of Wachtell Lipton reviewed with the Spectra Energy directors their fiduciary duties in connection with considering a possible business combination involving the two companies. Following discussion regarding these topics, the consensus of the Spectra Energy board of directors was that management and Spectra Energy's advisors should continue to engage in

discussions with representatives of Enbridge regarding a possible business combination and should report to the board with updates regarding these discussions.

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On June 16, 2016, Mr. Ebel informed Mr. Monaco that the Spectra Energy board of directors had authorized further discussions regarding a possible combination of Enbridge and Spectra Energy. Mr. Ebel informed Mr. Monaco that the Spectra Energy board was of the view that the premium and share/cash consideration mix for Spectra Energy stockholders, dividend growth commitments and the governance structure of the combined company were important open points requiring further discussion.

On June 17, 2016, Enbridge and Spectra Energy entered into the Confidentiality Agreement, which included reciprocal standstill restrictions. Each of Enbridge and Spectra Energy subsequently provided the other party and certain of their respective representatives with due diligence information, including with respect to the long term growth prospects of each company and the specific opportunities that underpinned these prospects, assumptions related to the potential synergies available in a business combination transaction between Enbridge and Spectra Energy and the potential credit profile of the combined company. For the remainder of June and throughout July and August, representatives of Enbridge and Spectra Energy engaged in mutual due diligence investigations on these and other topics, which included meetings, conference calls and review of materials in electronic data rooms.

On June 28 and 29, 2016, the Enbridge board of directors held a regularly scheduled meeting, which was also attended by certain of Enbridge's senior management. Mr. Monaco updated the Enbridge board of directors on the initial discussions with Spectra Energy senior management and the strategic rationale for the transaction, including Spectra Energy's competitive position and long term growth outlook, the dividend growth assumptions for the combined company and the positive impact on access to equity capital and share price. Enbridge management also discussed the potential credit rating impact of the proposed transaction. Enbridge management then discussed the initial results of their due diligence review of Spectra Energy and potential next steps. The Enbridge board of directors and members of management present agreed that Mr. Monaco and other senior management should continue to explore a potential business combination with representatives of Spectra Energy and conduct further due diligence investigations. The Enbridge board of directors directed management to provide an update on these matters at the next board meeting.

On June 30, 2016, Mr. Monaco called Mr. Ebel and advised him that the Enbridge board of directors supported the strategic rationale for combining Enbridge and Spectra Energy. Mr. Monaco also indicated that the Enbridge board of directors was scheduled to meet again at the end of July, at which time he wished to update the Enbridge board on various transaction matters, including rating agency and regulatory considerations.

Between June 30, 2016 and July 29, 2016, the respective Enbridge and Spectra Energy management teams and advisors continued to have meetings and conference calls regarding due diligence, regulatory and other matters. On July 21, 2016, Mr. Monaco called Mr. Ebel to discuss the upcoming meeting of the Enbridge board of directors on July 26 and 27, 2016 and reaffirmed Enbridge's continued interest in assessing a combination of the two companies.

On July 26 and 27, 2016, the Enbridge board of directors held a regularly scheduled meeting, which was also attended by certain of Enbridge's senior management. During the meeting, Mr. Monaco updated the Enbridge board of directors on his conversations with Mr. Ebel regarding a possible transaction and Spectra Energy's willingness to explore a potential combination of the two companies. During the meeting, the Enbridge board, with the assistance of Credit Suisse, reviewed and discussed financial aspects of a possible business combination transaction between Enbridge and Spectra Energy. The Enbridge board of directors and members of management present then discussed the terms and timing of a possible transaction, including the form of consideration, premium, regulatory approvals, deal protection mechanisms, governance and tax matters. The Enbridge board of directors authorized Mr. Monaco and management to continue discussions with representatives of Spectra Energy to assess the viability of the combination and if it could be achieved on acceptable terms. The board further authorized Mr. Monaco to provide a written non-binding proposal to Mr. Ebel detailing Enbridge's proposed terms for a merger with Spectra Energy.

On July 28, 2016, Mr. Monaco called Mr. Ebel to confirm that, consistent with prior discussions, the Enbridge board of directors viewed the combination of the two companies favorably, subject to due diligence and

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acceptable terms being reached by the parties. Mr. Ebel communicated to Mr. Monaco that he and the Spectra Energy board of directors shared the same favorable view, and that the premium and cash/share consideration mix for Spectra Energy stockholders, dividend growth commitments and governance structure of the combined company remained open issues that needed to be resolved by the parties.

On July 29, 2016, the Spectra Energy board of directors held a special meeting, which was also attended by Spectra Energy management and representatives of certain of Spectra Energy's financial advisors and Wachtell Lipton. During the meeting, Mr. Ebel updated the Spectra Energy board of directors about his conversations with Mr. Monaco regarding a possible transaction and Enbridge's continued interest in combining the two companies. Mr. Ebel also informed the directors that Enbridge indicated that it would submit to Spectra Energy a written non-binding proposal detailing its proposed terms for a possible business combination. Also at the meeting, members of Spectra Energy management provided an overview of Enbridge's business and corporate structure and the potential credit rating impact of the proposed transaction. Representatives of certain of Spectra Energy's financial advisors provided a capital markets and industry update, reviewed Spectra Energy's and Enbridge's recent stock performance and discussed certain updated preliminary financial matters regarding a proposed transaction. Following discussion regarding these topics, the Spectra Energy board of directors indicated its support for management and advisors to continue to engage in discussions with representatives of Enbridge and report back to the board with updates regarding these discussions.

Following the completion of the Spectra Energy board meeting on July 29, 2016, Mr. Ebel called Mr. Monaco to reiterate that the premium and cash/share consideration mix for Spectra Energy stockholders, anticipated dividend growth and governance structure of the combined company remained open issues that needed to be resolved by the parties.

Later in the day on July 29, 2016, Enbridge delivered a non-binding proposal letter to Spectra Energy, in which Enbridge proposed a merger with Spectra Energy. The letter, which was provided to the Spectra Energy directors on the same day, indicated that, further to the discussions which had occurred between the parties, the combined company would have a 12-member board, with the board Chairman and Chief Executive Officer roles to be split as previously discussed by the parties (with Mr. Ebel becoming the non-executive Chairman of the board of directors of the combined company and Mr. Monaco continuing to serve as the Chief Executive Officer of the combined company), the transaction consideration would consist primarily of shares with a low premium and the combined company would continue to have a major presence in Houston, Texas. The letter also indicated that Enbridge's review of the proposed transaction suggested that the combined company was expected to be able to deliver annual dividend growth of 10% well into the next decade, while maintaining a conservative payout ratio.

On August 4, 2016, Mr. Monaco and Mr. Ebel discussed the proposed terms contained in Enbridge's proposal letter and Mr. Ebel indicated that, among other things, the premium for Spectra Energy stockholders needed to exceed 10% in order for the transaction to be considered favorably by the Spectra Energy board of directors.

On August 5, 2016, the respective management teams of Enbridge and Spectra Energy, including the Chief Executive Officers of each company met and, with the assistance of representatives of Enbridge's financial advisors and Spectra Energy's financial advisors, discussed possible transaction terms and certain financial matters, due diligence and value drivers for the combined company, including long term growth prospects and synergies. During this meeting, the Enbridge management team and the Spectra Energy management team discussed, among other things, the premium for the proposed transaction, the consideration mix for Spectra Energy stockholders, the size and composition of the combined company's board, the role and tenure of the chairman of the board of directors of the combined company and matters regarding closing certainty, including the scope of each party's covenants to obtain regulatory approvals. Spectra Energy management communicated to Enbridge management that, in addition to the resolution of the matters described above, a commitment to dividend growth of at least 10% per year as previously discussed was



important to Spectra Energy's willingness to pursue the proposed transaction.

On August 9, 2016, finance teams from Enbridge and Spectra Energy met to discuss various matters, including preparing for possible rating agency presentations, which were scheduled to occur in late August.

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On August 15, 2016, the Spectra Energy board of directors held a special meeting, which was also attended by Spectra Energy management and representatives of Spectra Energy's financial advisors and Wachtell Lipton. During the meeting, Mr. Ebel and other members of Spectra Energy management discussed with the directors the outstanding transaction terms that Enbridge and Spectra Energy had been negotiating, including the premium and cash/share consideration mix for Spectra Energy stockholders, dividend growth commitments, regulatory approvals, funding of interim operations, termination fees, board composition and tenure of the chairman of the board of directors of the combined company. Mr. Ebel and other members of management also discussed with the directors the results of the due diligence examination that had been undertaken to date, particularly regarding each company's growth projects. Also during the meeting, representatives of Spectra Energy's financial advisors discussed potential timelines relating to the proposed transaction. Representatives of Wachtell Lipton reviewed with the Spectra Energy directors their fiduciary duties in connection with considering a possible business combination between the two companies. Following discussion regarding these topics, the Spectra Energy board of directors instructed management and advisors to continue to engage in negotiations with representatives of Enbridge regarding a possible business combination to achieve the best possible terms for the board's review and report to the board with updates regarding these negotiations.

On August 19, 2016, Sullivan & Cromwell, Enbridge's outside U.S. counsel, sent a draft merger agreement to Wachtell Lipton. The draft merger agreement provided for, among other things, a part cash and part share transaction, generally reciprocal obligations and rights with respect to the ability of each party to change its board recommendation, generally reciprocal termination rights and termination fee triggers, a termination fee of 4% of the transaction's equity value payable by either party in specified circumstances, expense reimbursement if the other party's shareholders voted against the transaction, a prohibition on each party's ability to terminate the merger agreement in order to enter into a superior proposal prior to the completion of the stockholder meetings relating to the transaction, the extent of Enbridge's obligations in connection with obtaining regulatory approvals, an appraisal rights closing condition and a 12-person combined company board, comprised of four Spectra Energy designees (including Spectra Energy's Chief Executive Officer who would become non-executive Chairman of the board of directors of the combined company), and eight Enbridge designees (including Enbridge's Chief Executive Officer who would continue to serve as the Chief Executive Officer of the combined company).

Between August 19, 2016 and August 27, 2016, the respective Enbridge and Spectra Energy management teams and advisors engaged in discussions about, among other matters, the terms of the draft merger agreement.

On August 22, 2016, the Enbridge board of directors held a telephonic meeting that was also attended by certain members of senior management, representatives of Sullivan & Cromwell, McCarthy Tétrault, Enbridge's Canadian legal counsel, Credit Suisse and RBC. During the meeting, Mr. Monaco and members of senior management updated the Enbridge board of directors on the discussions that had occurred between the Enbridge and Spectra Energy management teams. Representatives of Enbridge's outside legal counsel reviewed with the directors their fiduciary duties in connection with considering a possible business combination with Spectra Energy and certain process issues that should be considered. Representatives of Credit Suisse and RBC each also reviewed and discussed with the Enbridge board the recent share performance of Enbridge and Spectra Energy and the potential market reaction to an announcement of a business combination transaction with Spectra Energy. The Enbridge board of directors and members of senior management present discussed long term growth prospects, dividend growth commitments, estimated annual cost synergies that could be derived in connection with the transaction, the proposed mix of consideration, consisting mostly of Enbridge Common Shares, and the potential impact of the proposed transaction on Enbridge's credit ratings. Also at this meeting, Enbridge's directors, senior management and representatives of Enbridge's advisors discussed preliminary terms of the possible business combination, including deal protection, regulatory approvals, governance of the combined company, certain interim operating covenants, transition planning and integration, and closing conditions. Following discussion on these topics, the Enbridge board of directors directed

Enbridge's senior management and advisors to continue to engage in negotiations with representatives of Spectra Energy regarding the terms of a possible business combination transaction.

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On August 23, 2016, the Spectra Energy board of directors held a regularly scheduled meeting, which was also attended by Spectra Energy management and representatives of Spectra Energy's financial advisors and Wachtell Lipton. During the meeting, Spectra Energy management updated the Spectra Energy directors on the discussions that had occurred between the respective Enbridge and Spectra Energy management teams and discussed with the directors the outstanding transaction terms that the respective Enbridge and Spectra Energy management teams and advisors had been negotiating, including the premium and cash/share consideration mix for Spectra Energy stockholders, certain tax matters, dividend growth commitments, regulatory approvals, closing conditions, interim operations considerations and board composition and other governance matters. Spectra Energy management also provided an update on and discussed with the directors the estimated potential synergies that could result from the proposed transaction and discussed the results of the due diligence examination that had been completed as of that time. Also during the meeting, representatives of Spectra Energy's financial advisors reviewed Spectra Energy's and Enbridge's recent stock performance and discussed updated preliminary financial matters regarding the proposed transaction, including with respect to each company on a standalone and combined basis, as well as certain credit rating agency considerations. Representatives of Wachtell Lipton reviewed with the Spectra Energy directors their fiduciary duties in connection with considering a possible business combination between the two companies. Following discussion regarding these topics, the Spectra Energy board of directors provided direction with respect to outstanding matters and requested management and advisors to continue to engage in negotiations with representatives of Enbridge and report to the board with updates regarding the progress of these negotiations.

On August 25 and August 26, 2016, the respective senior management of Enbridge and Spectra Energy, including Mr. Monaco and Mr. Ebel and each company's Chief Financial Officer, participated in meetings with credit rating agencies, during which they discussed the proposed transaction, *pro forma* corporate, financial and governance structure and strengths of the combined company.

Between August 27, 2016 and September 5, 2016, Wachtell Lipton and Sullivan & Cromwell, along with Goodmans LLP, Spectra Energy's Canadian counsel, and McCarthy Tétrault, exchanged multiple revised drafts of the merger agreement reflecting various discussions and the respective parties' positions on open items, including the cash/share consideration mix for Spectra Energy stockholders, tax-related matters, regulatory efforts requirements, conditionality, termination provisions, termination fee triggers and amounts, and governance provisions. Also during this period, the Enbridge and Spectra Energy management teams continued to negotiate the respective parties' positions on these items and worked on preparing additional information for the rating agencies.

On August 28, 2016, the Spectra Energy board of directors held a special meeting, which was also attended by Spectra Energy management and representatives of Spectra Energy's financial advisors and Wachtell Lipton, and included Mr. Monaco for the opening segment of the meeting. Mr. Monaco presented to the Spectra Energy directors, among other matters, his vision for the combined company and responded to questions from Spectra Energy's directors. After Mr. Monaco departed the meeting, Spectra Energy management and Spectra Energy's legal and financial advisors updated the Spectra Energy directors on the discussions that had occurred between the Enbridge and Spectra Energy management teams and discussed with the directors the outstanding transaction terms that they and the advisors had been negotiating. Also during the meeting, representatives of Spectra Energy's financial advisors reviewed Spectra Energy's and Enbridge's recent stock performance and discussed updated preliminary financial matters regarding the proposed transaction. Representatives of Wachtell Lipton reviewed with the Spectra Energy directors their fiduciary duties in connection with considering a possible business combination between the two companies and provided an overview of the terms of the draft merger agreement. In addition, Spectra Energy management and representatives of Wachtell Lipton discussed with the Spectra Energy directors employee compensation and benefits related matters. Following discussion regarding these topics, the Spectra Energy board of directors provided direction with respect to outstanding matters and requested management and advisors to continue negotiations and report to the board with updates regarding the progress of these negotiations.



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Between August 28, 2016 and September 1, 2016, the respective Enbridge and Spectra Energy management teams and advisors continued to negotiate the remaining open transaction terms, particularly the exchange ratio that would determine the number of Enbridge Common Shares that Spectra Energy stockholders would receive for their Spectra Energy common stock, the cash/share consideration mix for Spectra Energy stockholders, termination provisions and termination fee triggers, certain tax matters and governance terms.

On August 29, 2016, the Enbridge board of directors held a telephonic meeting that was also attended by certain of Enbridge's senior management and representatives of Sullivan & Cromwell, Credit Suisse and RBC. During the meeting, members of senior management of Enbridge updated the Enbridge board of directors on the negotiations between the Enbridge and Spectra Energy management teams and their advisors, including outstanding transaction terms and open issues, which included premium and consideration mix, regulatory approvals, board composition and other governance matters. Enbridge's senior management also discussed Enbridge's potential credit ratings in connection with a business combination transaction with Spectra Energy and planned discussions with the rating agencies. Enbridge senior management also discussed with Enbridge's directors whether, given Spectra Energy's preference for more shares as part of the merger consideration, Enbridge should consider proposing consideration consisting entirely of Enbridge Common Shares. Enbridge's senior management then updated and discussed with the Enbridge board of directors that due diligence on Spectra Energy had effectively been completed and an updated financial analysis would be presented at the next board meeting. Following discussion regarding these topics, the Enbridge board of directors directed management and Enbridge's advisors to continue to engage in negotiations with representatives of Spectra Energy and to report to the board with updates regarding the progress of these negotiations and feedback from the ratings agencies.

On September 1, 2016, representatives of Enbridge sent a revised proposal to Spectra Energy, which provided for an exchange ratio of 0.870 of an Enbridge Common Share plus US\$3.82 in cash for each share of Spectra Energy common stock, which represented an approximately 7% premium to the closing price of Spectra Energy common stock on August 31, 2016. The proposal indicated that the combined cash/share consideration was equivalent to an exchange ratio of 0.966 of an Enbridge Common Share for each share of Spectra Energy common stock if it were an all-share transaction. The proposal also provided for a reciprocal termination fee of 3.85% based on the respective equity values of Enbridge and Spectra Energy, but did not include proposals regarding the size and composition of the combined company's board and committees. The proposal also indicated that it was subject to rating agency confirmation of Enbridge's current credit ratings.

On September 2, 2016, following discussions with Spectra Energy management, representatives of Enbridge sent a revised proposal to Spectra Energy, which provided for an exchange ratio of 0.966 in a share-for-share merger, which represented a 9.53% premium to the closing price of Spectra Energy common stock on September 2, 2016. The proposal also provided for a reciprocal termination fee of 3.85% based on the respective equity values of Enbridge and Spectra Energy, but did not address the size and composition of the combined company's board and committees. The proposal also indicated that it was subject to rating agency confirmation of Enbridge's current credit ratings, which discussions remained ongoing.

On September 3, 2016, the Spectra Energy board of directors held a special meeting with Spectra Energy management and representatives of Spectra Energy's financial advisors and Wachtell Lipton to receive an update on and review the proposed terms and conditions of a possible transaction with Enbridge, which was now proposed to be an all-share merger. Spectra Energy management provided an update on the negotiations and Enbridge's September 2, 2016 revised proposal as well as additional information on due diligence and annual run-rate operating and financial cost synergies of \$540 million (US\$415 million) based on the combined company's reduction in its general operations, administrative and other costs and increased purchasing power (excluding tax synergies in 2019). Representatives of Spectra Energy's financial advisors discussed with the Spectra Energy board of directors updated preliminary financial matters

regarding the proposed transaction. Representatives of Wachtell Lipton reviewed with the Spectra Energy directors their fiduciary duties in connection with considering the merger and reviewed in detail the terms of the draft merger agreement, including

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the terms that remained subject to further negotiation. Following discussion regarding these topics, the Spectra Energy board of directors reiterated its support for the transaction with Enbridge and instructed management to continue negotiations with Enbridge, including to seek an increase of the exchange ratio and improvement of certain of the other terms discussed at this meeting, with another meeting of the Spectra Energy board of directors to be scheduled after more clarity was received from the rating agencies.

Following the September 3, 2016 Spectra Energy board meeting, Spectra Energy management sent a revised proposal to Enbridge, which provided for, among other things, an increase in the exchange ratio to 0.988 based on the closing price of Enbridge Common Shares on the NYSE on September 2, 2016, with an adjustment if the transaction was not to be announced by the opening of business on September 6, 2016 and the price of Enbridge Common Shares was to decline relative to the price of Spectra Energy common stock, a reduction in the termination fees to 3.5% of the respective equity values of Enbridge and Spectra Energy, Spectra Energy having five designees on the combined company's 13-person board and proportional board committee representation.

On September 4, 2016, the Enbridge board of directors held a special meeting which was also attended by Enbridge management and representatives of Sullivan & Cromwell, McCarthy Tétrault, Credit Suisse and RBC. Enbridge management provided the Enbridge board of directors with an update on the most recent transaction negotiations. Representatives of Enbridge's outside legal counsel reviewed with the Enbridge directors their fiduciary duties in connection with considering the merger and reviewed the terms of the draft merger agreement, including the terms that remained subject to further negotiation. The Enbridge board of directors, with the assistance of representatives of Credit Suisse and RBC, then reviewed and discussed financial aspects of a possible business combination transaction between Enbridge and Spectra Energy. Members of Enbridge management reviewed with the directors the completed due diligence investigations on Spectra Energy and the feedback of the credit rating agencies on Enbridge's credit ratings upon the closing of the proposed transaction, as well as anticipated annual run-rate operating and financial cost synergies of \$540 million (US\$415 million) based on the combined company's reduction in its general operations, administrative and other costs and increased purchasing power (excluding tax synergies in 2019) and transaction costs of the proposed transaction. Following the discussion regarding these topics, Enbridge's board of directors reiterated its support for the transaction with Spectra Energy and instructed Enbridge's senior management and advisors to continue negotiations with Spectra Energy.

During the early morning hours on September 5, 2016, representatives of Sullivan & Cromwell sent a revised draft merger agreement to representatives of Wachtell Lipton, which provided for, among other things, a 0.980 exchange ratio, 3.5% termination fees based on the respective equity values of Enbridge and Spectra Energy and a 13-person combined company board, with five Spectra Energy designees. Thereafter, the parties and their respective legal advisors continued to negotiate the exchange ratio and finalize the remaining open terms of the draft merger agreement.

By the afternoon of September 5, 2016, the parties agreed to, among other things, submit for consideration by their respective boards of directors the terms of a transaction based on an exchange ratio of 0.984, which represented an implied value per share of Spectra Energy common stock of US\$40.33, based on the closing price of Enbridge Common Shares on the NYSE on September 2, 2016 (the last trading day prior to announcement of the Merger), and an approximate 11.5% premium to the closing price of Spectra Energy common stock on the same date. In addition, the parties agreed to termination fees equal to 3.5% of the respective equity values of Enbridge and Spectra Energy, a 13-person combined company board, with five Spectra Energy designees, proportional representation of the Spectra Energy designees on each board committee and Mr. Ebel becoming the non-executive Chairman of the board of directors of the combined company. Enbridge management also received and shared with Spectra Energy management favorable feedback from the credit rating agencies regarding their view of Enbridge's credit rating upon the closing of the proposed transaction. Specifically, the credit rating agencies indicated that the announcement of an all-share



merger with Spectra Energy would not have a negative impact on Enbridge's credit ratings.

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On September 5, 2016, the Enbridge board of directors held a special meeting with Mr. Ebel, who spoke with the Enbridge board of directors regarding Spectra Energy and his continued enthusiasm for the potential combination of the two companies, discussed Spectra Energy's strategic approach, and shared his perspective on the benefits of the combination for all investors. Once Mr. Ebel departed, Enbridge management and representatives of Sullivan & Cromwell, McCarthy Tétrault, Credit Suisse and RBC joined the meeting. Enbridge management provided a review of the completed due diligence investigations on Spectra Energy and an update on the most recent transaction negotiations, including the proposed 0.984 exchange ratio. Representatives of Enbridge's external legal counsel reviewed with the Enbridge directors their fiduciary duties in connection with considering the Merger and then reviewed the principal terms of the Merger Agreement. Also at this meeting, representatives of Credit Suisse and RBC separately reviewed and discussed with the Enbridge board of directors the financial aspects of the proposed transaction between Enbridge and Spectra Energy and rendered their respective oral opinions, confirmed by delivery of written opinions, dated September 5, 2016, to the Enbridge board of directors to the effect that, as of such date and based on and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, the Exchange Ratio provided for pursuant to the Merger Agreement was fair, from a financial point of view, to Enbridge. Representatives of management discussed the possible effect of the transaction on Enbridge non-shareholder constituencies, including creditors, employees and communities. Based on the discussions and deliberations at the September 4, 2016 and September 5, 2016 board meetings and after considering the terms of the Merger Agreement and the other factors described under *The Merger - Enbridge's Reasons for the Merger* the Enbridge board of directors (i) determined that the Merger was in the best interests of Enbridge and Merger Sub, authorized and approved the Merger Agreement and resolved to recommend approval of the issuance of Enbridge Common Shares in connection with the Merger and the By-law Amendment to Enbridge Shareholders and (ii) directed that the issuance of the Enbridge Common Shares to be issued in connection with the Merger and the By-law Amendment be submitted to the Enbridge Shareholders for their approval. The Enbridge board of directors then authorized Enbridge's senior management to finalize and execute the Merger Agreement on substantially the terms reviewed at the board meeting.

During the evening of September 5, 2016, the Spectra Energy board of directors held a special meeting at which Spectra Energy management and representatives of Spectra Energy's financial advisors and Wachtell Lipton were present. Spectra Energy management provided an update on the most recent transaction negotiations, including the proposed 0.984 exchange ratio, and management's view that, based on positions taken by Enbridge, this was the maximum exchange ratio that Enbridge would be willing to agree to in the merger. Also at this meeting, representatives of Spectra Energy's financial advisors separately reviewed with the Spectra Energy board of directors the financial aspects of the proposed transaction between Enbridge and Spectra Energy. Also at the meeting, representatives of Wachtell Lipton reviewed the draft merger agreement and provided an update on the proposed terms and conditions. Based on the discussions and deliberations at the September 3, 2016 and September 5, 2016 board meetings and after receiving Spectra Energy management's favorable recommendation of the Merger, the Spectra Energy board of directors unanimously determined that the Merger Agreement and the transactions contemplated by the Merger Agreement were fair to, and in the best interests of, Spectra Energy and its stockholders, approved and declared advisable the Merger Agreement and the transactions contemplated by the Merger Agreement, authorized management to execute the Merger Agreement on behalf of Spectra Energy, directed that the Merger Agreement be submitted to a vote at a meeting of Spectra Energy stockholders, resolved to recommend that Spectra Energy stockholders vote to adopt the Merger Agreement and approved and authorized certain related matters.

Following the approvals by each of the Enbridge board of directors and Spectra Energy board of directors, Enbridge and Spectra Energy finalized and executed the Merger Agreement.

On the morning of September 6, 2016, Enbridge and Spectra Energy issued a joint press release announcing the Merger Agreement.



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**Board of Directors and Management of Enbridge after the Merger**

***Board of Directors***

Pursuant to the Merger Agreement, as of the Effective Time, the Enbridge board of directors will consist of a total of 13 directors, comprised of eight directors designated by Enbridge and five directors designated by Spectra Energy. Mr. Al Monaco will serve as President and Chief Executive Officer of the combined company and Mr. Gregory L. Ebel will serve as non-executive Chairman of the board of directors of the combined company.

The remaining members of the Enbridge board of directors following completion of the Merger have not yet been determined. Pursuant to the Merger Agreement, at least five business days prior to the Closing Date, Spectra Energy will designate five directors (including Mr. Ebel) from the Spectra Energy board of directors to be appointed to the Enbridge board of directors (the **Spectra Energy Designees**). If any of the Spectra Energy Designees was not a director of Spectra Energy as of the date of the Merger Agreement, Enbridge will have the right to consent to such designation (such consent not to be unreasonably withheld, conditioned or delayed). For more information, see the section entitled *The Merger Agreement - Effects of the Merger - Enbridge Governance and Other Matters*.

Information about Mr. Monaco is incorporated herein by reference from the annual information form of Enbridge dated February 19, 2016 for the year ended December 31, 2015 and the management information circular of Enbridge dated March 8, 2016 relating to the annual meeting of Enbridge Shareholders held on May 12, 2016. Information about Mr. Ebel is provided in *Appendix F Information Concerning Spectra Energy Corp*.

***Management***

Other than Mr. Monaco serving as President and Chief Executive Officer of Enbridge and as described below, the executive management team following the Merger has not yet been determined. At the time of filing of this Management Information Circular, the parties have announced the following appointments for the combined company to be effective as of the Effective Time:

Guy Jarvis, President, Liquids Pipelines & Major Projects;

William T. Yardley, President, Gas Transmission & Midstream; and

John Whelen, Executive Vice President & Chief Financial Officer.

Information about Mr. Jarvis and Mr. Whelen is incorporated herein by reference from the annual information form of Enbridge dated February 19, 2016 for the year ended December 31, 2015 and the management information circular of Enbridge dated March 8, 2016 relating to the annual meeting of Enbridge Shareholders held on May 12, 2016.

The following is biographical information for Mr. Yardley: Mr. Yardley is 52 years old and resides in Houston, Texas. He has served as Spectra Energy's President, U.S. Transmission and Storage since January 2013. Prior to then, he served as Spectra Energy's Group Vice President of Northeastern U.S. Assets and Operations since 2007. Mr. Yardley joined Spectra Energy in 2000 as general manager of marketing for Spectra Energy's predecessor company, Duke Energy Gas Transmission. Prior to joining Spectra Energy, Mr. Yardley was employed by Boston Gas Company where he served as director of gas supply from 1991 to 1994, general manager of gas supply from 1994 to 1997, and

vice president of marketing from 1997 to 2000. Mr. Yardley currently serves on the board of directors of Spectra Energy Partners GP, LLC (the general partner of the general partner of Spectra Energy Partners, LP) and is on the board of directors of the Interstate Natural Gas Association of America, the Northeast Gas Association and the United Way of Greater Houston and is a member of the Leadership Council of the American Gas Association.

Additional members of the executive management team of Enbridge following the Merger will be communicated in due course.

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**Enbridge's Reasons for the Merger**

At its meeting held on September 5, 2016, having undertaken a review of, and carefully considered, information concerning Spectra Energy, the proposed Merger and alternatives, including in-depth consultation with Enbridge's management and Enbridge's legal and financial advisors, and consideration of such other matters as the board of directors of Enbridge considered relevant, the Enbridge board of directors unanimously approved, by all directors present, the Merger Agreement and the transactions contemplated thereby and authorized the issuance of Enbridge Common Shares pursuant to the Merger Agreement. In doing so, the Enbridge board of directors considered the business, assets, and liabilities, results of operations, financial performance, strategic direction and prospects of Enbridge and Spectra Energy, with a view to the best interests of Enbridge and its stakeholders, including Enbridge Shareholders, employees, debtholders and other creditors, customers, governments and the environment, among others. Gov. Blanchard recused himself from all deliberations relating to a possible transaction with Spectra Energy because his law firm does work for Spectra Energy and he has participated in representing Spectra Energy. In making its determination, the Enbridge board of directors considered a number of factors, including the following:

Enbridge expects that the combination of Enbridge's and Spectra Energy's respective businesses will add scale and substantial product and geographic diversity to Enbridge following completion of the Merger, in particular balancing its oil transportation business with an equally sized gas transportation business, providing greater optionality and broader platforms for future growth;

Enbridge expects to more than double its total development project inventory, creating a secured growth program of approximately \$26 billion and a probability weighted backlog of unsecured projects of approximately \$48 billion, following completion of the Merger;

Enbridge expects that the Merger and resulting growth profile will support its predictable and growing available cash flow from operations per share in the range of 12% to 14% annually through 2019;

Enbridge expects that the Merger and resulting growth profile will support future available cash flow from operations growth beyond 2019;

Enbridge expects that the Merger and resulting available cash flow from operations per share will support annual dividend growth of 15% in 2017 and extends its year-over-year dividend growth outlook of 10% to 12% from 2018 through 2024;

Enbridge expects that, following completion of the Merger, it will maintain a low risk commercial portfolio to support resilience in various market cycles;

Enbridge expects that the scale, quality and investor value proposition of Enbridge following completion of the Merger will attract additional investor interest;

Enbridge expects that, following completion of the Merger, it will have enhanced access to equity and debt capital;

Enbridge expects that the Merger will enhance the strength of its investment grade balance sheet;

the favorable feedback received from independent credit rating agencies with respect to the potential impact of the proposed transaction on Enbridge's credit ratings;

Enbridge expects to realize operating and financial annual run-rate cost synergies of \$540 million (US\$415 million) based on the combined company's reduction in its general operations, administrative and other costs and increased purchasing power (excluding tax synergies in 2019);

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Enbridge expects to realize operating and financial synergies over time following completion of the Merger;

the belief that the seasoned management team at Spectra Energy will bring valuable talent to the operations of the combined company;

the belief that Enbridge and Spectra Energy have similar corporate cultures and values;

the fact that the Exchange Ratio is fixed and will not be adjusted for fluctuations in the market price of Enbridge Common Shares or Spectra Energy common stock;

the opinion of Credit Suisse to the Enbridge board of directors to the effect that, as of September 5, 2016, and based upon and subject to the procedures followed and the assumptions, qualifications, limitations and other matters considered in connection with the preparation of such opinion, the Exchange Ratio in the Canadian Exchange Offer and in the Merger pursuant to the Merger Agreement was fair, from a financial point of view, to Enbridge;

the opinion of RBC to the Enbridge board of directors to the effect that, as of September 5, 2016, and based on and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, the Exchange Ratio was fair, from a financial point of view, to Enbridge;

the ability of Enbridge, in specified circumstances, to provide information to and to engage in discussions or negotiations with a third party that makes an unsolicited acquisition proposal, as further described in the section entitled *The Merger Agreement - No Solicitation* ;

the ability of the Enbridge board of directors, in specified circumstances, to change its recommendation to Enbridge Shareholders concerning the Merger, as further described in the section entitled *The Merger Agreement - Board of Directors Recommendations* ;

other favorable terms of the Merger Agreement, including:

restrictions on Spectra Energy's ability to solicit alternative business combination transactions and to provide confidential due diligence information to, or engage in discussions with, a third party interested in pursuing an alternative business combination transaction with Spectra Energy, as further discussed in the section entitled *The Merger Agreement - No Solicitation* ;



the obligation of Spectra Energy to pay Enbridge a termination fee of US\$1.0 billion upon termination of the Merger Agreement under specified circumstances;

the obligation of Spectra Energy to reimburse Enbridge for its out-of-pocket expenses, subject to a maximum amount of US\$100 million, if the Merger Agreement is terminated as a result of the failure to obtain the requisite Spectra Energy stockholder approval; and

the requirement that Spectra Energy hold a stockholder vote on the adoption of the Merger Agreement, even though the Spectra Energy board of directors may have withdrawn or changed its recommendation, and the inability of Spectra Energy to terminate the Merger Agreement to enter into an agreement for a superior proposal prior to the completion of Spectra Special Meeting to vote on the adoption of the Merger Agreement; and

the probability that the conditions to the Merger will be satisfied.

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In connection with its deliberations relating to the Merger, the Enbridge board of directors also considered potential risks and negative factors concerning the Merger and the other transactions contemplated by the Merger Agreement, including the following:

the risk that the Merger might not be completed in a timely manner or at all;

the effect that the length of time from announcement until closing could have on the market price of Enbridge Common Shares, Enbridge's operating results (particularly in light of the significant costs incurred in connection with the Merger) and the relationships with Enbridge's employees, Enbridge Shareholders, customers, suppliers, regulators, partners and others that do business with Enbridge;

the risk that the anticipated benefits of the Merger will not be realized in full or in part, including the risk that expected synergies will not be achieved or not achieved in the expected time frame;

the risk that the regulatory approval process could result in undesirable conditions, impose burdensome terms or result in increased pre-tax transaction costs;

the risk of diverting the attention of Enbridge's senior management from other strategic priorities to implement the Merger and make arrangements for integration of Enbridge's and Spectra Energy's operations and infrastructure following the Merger;

certain restrictions on the conduct of Enbridge's business during the pendency of the Merger, including restrictions on Enbridge's ability to solicit alternative business combination transactions, although the Enbridge board of directors believed that such restrictions were reasonable;

the inability of Enbridge to terminate the Merger Agreement to enter into an agreement for a superior proposal prior to the completion of the Enbridge Special Meeting to vote on the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution;

the potential impact on the market price of Enbridge Common Shares as a result of the issuance of the Merger Consideration to Spectra Energy stockholders; and

the risks described in the section entitled *Risk Factors* .

After consideration of these factors, the Enbridge board of directors determined that, overall, the potential benefits of the Merger outweighed the potential risks.

The foregoing discussion of factors considered by the Enbridge board of directors is not intended to be exhaustive and may not include all the factors considered by the Enbridge board of directors. In view of the wide variety of factors considered in connection with its evaluation of the Merger and the complexity of these matters, the Enbridge board of directors did not attempt to quantify, rank or otherwise assign any relative or specific weights to the factors that it considered in reaching its determination to approve the Merger and the Merger Agreement. In addition, individual members of the Enbridge board of directors may have given differing weights to different factors. The Enbridge board of directors conducted an overall review of the factors described above and other material factors, including through discussions with, and inquiry of, Enbridge's management and outside legal and financial advisors.

The foregoing description of Enbridge's consideration of the factors supporting the Merger is forward-looking in nature. This information should be read in light of the factors discussed in the section entitled *Cautionary Statement Regarding Forward-Looking Statements*.

### **Recommendation of the Enbridge Board of Directors**

Having carefully considered and undertaken a review of information concerning Spectra Energy, the proposed Merger and alternatives, including in-depth consultation with Enbridge's management and Enbridge's legal

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counsel and financial advisors (including, among other things, a review and consideration of the opinion of Credit Suisse and the opinion of RBC) and consideration of such other matters as the board of directors of Enbridge considered relevant, the Enbridge board of directors unanimously determined, by all directors present, that the Merger is in the best interests of Enbridge and resolved to recommend that Enbridge Shareholders vote in favour of the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution. ***Accordingly, the board of directors of Enbridge recommends that Enbridge Shareholders vote FOR the Enbridge Common Share Issuance Resolution and FOR the By-law Amendment Resolution.***

**Opinions of Enbridge's Financial Advisors*****Opinion of Credit Suisse***

On September 5, 2016, Credit Suisse rendered to the Enbridge board of directors its oral opinion, subsequently confirmed by delivery of a written opinion dated September 5, 2016, to the effect that, as of such date, and based upon and subject to the procedures followed and the assumptions, qualifications, limitations and other matters considered in connection with the preparation of such opinion, the Exchange Ratio in the Canadian Exchange Offer and in the Merger pursuant to the Merger Agreement was fair, from a financial point of view, to Enbridge. Credit Suisse's opinion was only one of many factors considered by the Enbridge board of directors in evaluating the Merger and was not determinative of the views of the Enbridge board of directors with respect to the Merger or the Exchange Ratio set forth in the Merger Agreement.

**Credit Suisse's opinion was directed to the Enbridge board of directors and addressed only the fairness, from a financial point of view, to Enbridge, of the Exchange Ratio in the Canadian Exchange Offer and in the Merger pursuant to in the Merger Agreement and did not address any other aspect or implication of the Merger or any related matter. The summary of Credit Suisse's opinion in this Management Information Circular is qualified in its entirety by reference to the full text of Credit Suisse's opinion, which is included as *Appendix C Opinion of Credit Suisse Securities (Canada), Inc.* to this Management Information Circular and sets forth the procedures followed and the assumptions, qualifications, limitations and other matters considered by Credit Suisse in connection with the preparation of its opinion. Credit Suisse's opinion was furnished for the use of the Enbridge board of directors (solely in its capacity as such) in connection with its evaluation of the Merger, and the opinion is subject to the limitations and qualifications contained therein. Credit Suisse's opinion does not constitute a recommendation to the Enbridge board of directors or any other person as to how to act or vote with respect to the Merger, the Enbridge Common Share Issuance Resolution or any related matter.**

Enbridge engaged Credit Suisse as one of its financial advisors in connection with the Merger effective July 26, 2016. Pursuant to the terms of Credit Suisse's engagement by Enbridge, Enbridge is obligated to pay Credit Suisse certain fees for its services, consisting of an announcement fee which became payable to Credit Suisse upon the rendering of its opinion (regardless of the conclusion reached therein), an approval fee payable to Credit Suisse upon the approval of the Merger by Enbridge Shareholders and Spectra Energy stockholders, and a transaction fee payable to Credit Suisse which is contingent upon the consummation of the Merger (and accounts for a substantial portion of the overall fees paid or payable to Credit Suisse). In addition, Enbridge has agreed to reimburse Credit Suisse for certain of its expenses and to indemnify Credit Suisse and certain related parties for certain liabilities and other items arising out of or related to Credit Suisse's engagement.

***Opinion of RBC***

The Enbridge board of directors engaged RBC as one of its financial advisors to provide advice and assistance in evaluating the Merger. In connection with this engagement, on September 5, 2016, RBC rendered to the Enbridge

board of directors its oral opinion, subsequently confirmed by delivery of a written opinion dated September 5, 2016, to the effect that, as of such date, and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken in connection with the rendering of such opinion, the Exchange Ratio was fair, from a financial point of view, to Enbridge. RBC's opinion was

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only one of many factors considered by the Enbridge board of directors in evaluating the Merger and was not determinative of the views of the Enbridge board of directors with respect to the Merger or the Exchange Ratio set forth in the Merger Agreement.

**The full text of the written opinion of RBC dated September 5, 2016, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken in connection with the rendering of such opinion, is attached as *Appendix D Opinion of RBC Dominion Securities Inc.* to this Management Information Circular and should be read carefully and in its entirety. RBC provided its opinion for the use of the Enbridge board of directors in connection with its consideration of the Merger and the opinion is subject to the limitations and qualifications contained therein. The opinion of RBC does not constitute a recommendation to any Enbridge Shareholder as to how such shareholder should vote with respect to the Enbridge Common Share Issuance Resolution or any other matter.**

RBC was engaged by Enbridge as a financial advisor effective July 28, 2016 to provide the Enbridge board of directors with financial advisory services. Pursuant to the terms of its engagement agreement with Enbridge, RBC has been, or is to be, paid fees for its services as a financial advisor, including: (i) a fee for the delivery of its fairness opinion, which was not contingent upon the conclusion reached therein; (ii) a fee that is contingent upon approval of the Merger by Enbridge Shareholders and Spectra Energy stockholders; and (iii) a fee that is contingent upon completion of the Merger. Enbridge has also agreed to reimburse RBC for its reasonable out-of-pocket expenses and to indemnify RBC against certain liabilities.

## **Impact on Credit Ratings**

In connection with its evaluation of the Merger, Enbridge considered the potential impact of the Merger on its credit ratings. As part of this consideration, the respective senior management of Enbridge and Spectra Energy, including Mr. Monaco and Mr. Ebel, and each company's Chief Financial Officer, participated in meetings with credit rating agencies, during which they discussed the proposed transaction, *pro forma* corporate, financial and governance structure and strengths of the combined company. Prior to the execution of the Merger Agreement, Enbridge management received and shared with Spectra Energy management favorable feedback from the credit rating agencies regarding their view of Enbridge's credit rating upon the closing of the proposed transaction.

On September 6, 2016, following the announcement of the Merger, S&P affirmed its BBB+ long-term corporate credit and senior unsecured debt ratings on Enbridge and confirmed that the outlook was stable.

On September 6, 2016, following the announcement of the Merger, DBRS placed Enbridge's credit ratings on Under Review with Developing Implications and indicated that it would soon provide updated commentary on the potential impacts of the Merger on Enbridge. On September 8, 2016, DBRS confirmed that it would maintain its existing ratings in respect of Enbridge and maintain Enbridge's credit ratings as Under Review with Developing Implications. DBRS has indicated that it expects to confirm Enbridge's ratings with stable trends in the event that the Merger is completed as contemplated.

On September 6, 2016, following the announcement of the Merger, Moody's affirmed the Baa2 senior unsecured rating for Enbridge and indicated that the rating outlook for Enbridge remained negative. Moody's indicated that it is maintaining a negative rating outlook for Enbridge until Enbridge executes the Merger, its capital program in 2017 and certain deleveraging plans.

## **Listing of Enbridge Common Shares**

Enbridge Common Shares are currently listed on the TSX and the NYSE under the ticker symbol *ENB* . Spectra Energy common stock is currently listed on the NYSE under the ticker symbol *SE* . For information regarding prior sales and trading price and volume of Enbridge Common Shares, please see *Appendix G Information Concerning Enbridge Inc.* . For information regarding prior sales and trading volume of Spectra Energy common stock, please see *Appendix F Information Concerning Spectra Energy Corp.* .

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It is a condition to the completion of the Merger that the Enbridge Common Shares issued pursuant to the Merger Agreement are approved for listing on the NYSE and the TSX, subject to official notice of issuance. Enbridge must use its best efforts to obtain the listing and admission for trading of the Enbridge Common Shares issued as Merger Consideration on both the NYSE and the TSX.

The TSX has conditionally approved the listing of the Enbridge Common Shares to be issued to Spectra Energy stockholders pursuant to the Merger Agreement, which Enbridge Common Shares will be registered in the U.S. pursuant to the Enbridge U.S. registration statement on Form F-4. Listing of such Enbridge Common Shares is subject to Enbridge fulfilling all of the requirements of the TSX on or before the business day following the Closing Date. Enbridge is required under the terms of the Merger Agreement to apply to the NYSE to list the Enbridge Common Shares to be issued to Spectra Energy stockholders pursuant to the Merger Agreement on the NYSE, which Enbridge Common Shares will be registered in the U.S. pursuant to the Enbridge U.S. registration statement on Form F-4. Listing will be subject to Enbridge fulfilling all the listing requirements of the NYSE. There can be no assurance that the Enbridge Common Shares will be accepted for listing on the TSX or the NYSE.

### **Delisting and Deregistration of Spectra Energy Common Stock**

As promptly as practicable after the Effective Time, and in any event no more than 10 days after the Effective Time, Spectra Energy common stock currently listed on the NYSE will cease to be listed on the NYSE and will be deregistered under the U.S. Exchange Act.

### **Interests of Enbridge's Directors and Executive Officers in the Merger**

Gov. James J. Blanchard, a director of Enbridge, disclosed that his law firm does work for Spectra Energy and he has participated in representing Spectra Energy. As a result of this conflict, Gov. Blanchard did not participate in discussions or meetings of the Enbridge board of directors relating to a possible transaction with Spectra Energy. See *The Merger - Background of the Merger* .

Pursuant to the terms of the Merger Agreement, Enbridge has agreed to, prior to the Closing Date, take all actions necessary to (i) cause the Enbridge board of directors to consist of 13 directors at the Effective Time, (ii) secure the resignations of such number of Enbridge directors as is necessary for the Enbridge board of directors, immediately following the Effective Time, to consist of 13 directors following the appointment of each of the Spectra Energy Designees, which resignations will be effective at or prior to the Effective Time and (iii) cause the Spectra Energy Designees to be appointed to the Enbridge board of directors as of the Effective Time. In order to give effect to the foregoing, Enbridge anticipates that four of the existing Enbridge directors will need to resign. It has not yet been determined which of the existing Enbridge directors will resign. In connection with his or her resignation, each resigning director will receive the cash amount such resigning director is entitled to receive with respect to the redemption of the Enbridge DSUs held by him or her. The cash entitlement per Enbridge DSU is calculated using the weighted average of the closing price of the Enbridge Common Shares on the TSX for the last five trading days before the redemption date, multiplied by the number of Enbridge DSUs the resigning director holds. For additional information regarding the governance of Enbridge after completion of the Merger, see the section entitled *The Merger - Board of Directors and Management of Enbridge after the Merger* .

### **The Spectra Energy Special Meeting and Stockholder Approval**

The Spectra Energy Special Meeting will be held on December 15, 2016 at 2:00 p.m. (Central time) at 5400 Westheimer Court, Houston, Texas 77056. At the Spectra Energy Special Meeting, Spectra Energy stockholders will be asked to consider and vote on the following proposals:



1. **Merger Proposal:** to adopt the Merger Agreement, pursuant to which Merger Sub will merge with and into Spectra Energy. Spectra Energy will survive the Merger as a direct wholly-owned subsidiary of Enbridge; and

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2. **Advisory Compensation Proposal:** to approve, on an advisory (non-binding) basis certain specified compensation that will or may be paid by Spectra Energy to its named executive officers that is based on or otherwise relates to the Merger.

A majority of the shares entitled to vote must be present in person or by proxy at the Spectra Energy Special Meeting in order to constitute a quorum.

Approval of the Merger Proposal requires the affirmative vote of holders of a majority of the outstanding shares of Spectra Energy common stock. The approval of the Merger Proposal is a condition to the obligations of Enbridge and Spectra Energy to complete the Merger.

Approval, on an advisory (non-binding) basis, of the Advisory Compensation Proposal requires the affirmative vote of holders of a majority of the shares of Spectra Energy common stock that are present at the Spectra Energy Special Meeting in person or by proxy and are entitled to vote on the Advisory Compensation Proposal. The approval of the Advisory Compensation Proposal is not a condition to the obligations of Enbridge or Spectra Energy to complete the Merger and is not binding on Enbridge or Spectra Energy following the Merger.

The Spectra Energy board of directors unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to, and in the best interests of, Spectra Energy and its stockholders, and has approved and declared advisable the Merger Agreement and the transactions contemplated thereby, including the Merger. Accordingly, the Spectra Energy board of directors recommended that Spectra Energy stockholders vote for the approval of both the Merger Proposal and the Advisory Compensation Proposal.

In connection with the Merger and the Spectra Energy Special Meeting, Enbridge and Spectra Energy have filed with the SEC the proxy statement/prospectus.

### **Accounting Treatment of the Merger**

In accordance with U.S. GAAP, the Merger will be accounted for as a business combination applying the acquisition method of accounting. Accordingly, the aggregate fair value of the Merger Consideration paid by Enbridge in connection with the Merger will be allocated to Spectra Energy's net assets based on their fair values as of the completion of the transaction. The excess of the total purchase consideration over the fair value of the identifiable assets acquired, liabilities assumed and any noncontrolling interest in Spectra Energy will be allocated to goodwill. The results of operations of Spectra Energy will be included in Enbridge's consolidated results of operations only for periods subsequent to the completion of the Merger.

### **Regulatory Approvals Required for the Merger**

To complete the Merger and the other transactions contemplated by the Merger Agreement, Enbridge and Spectra Energy must make and deliver certain filings, submissions and notices to obtain required authorizations, approvals, consents or expiration of waiting periods from Canadian and U.S. governmental and regulatory bodies, antitrust and other regulatory authorities. Enbridge and Spectra Energy have each agreed to use their reasonable best efforts to obtain clearance under the HSR Act and their best efforts to obtain and maintain all other regulatory approvals necessary to complete the Merger and the other transactions contemplated by the Merger Agreement. Enbridge is not currently aware of any material governmental filings, authorizations, approvals or consents that are required prior to the completion of the Merger other than those described in this Management Information Circular. There can be no assurance, however, if and when any of the approvals required to be obtained for the Merger and the other transactions contemplated by the Merger Agreement will be obtained or as to the conditions or limitations that such approvals may contain or impose.

***HSR Act***

The Merger is subject to the requirements of the HSR Act, which prevents Enbridge and Spectra Energy from completing the Merger until required information and materials are furnished to the FTC and the DOJ and

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specified waiting period requirements have been satisfied. On October 3, 2016, each of Enbridge and Spectra Energy filed a Pre-merger Notification and Report Form pursuant to the HSR Act with the DOJ and FTC. On November 2, 2016, Spectra Energy and Enbridge received a Second Request from the FTC in connection with the FTC's review of the Merger. The Second Request was issued under the notification requirements of the HSR Act. The effect of the Second Request is to extend the waiting period under the HSR Act until thirty days after Spectra Energy and Enbridge have substantially complied with the Second Request, unless that period is terminated earlier by the FTC. Spectra Energy and Enbridge are continuing to work closely and cooperatively with the FTC in its review of the merger.

The FTC, the DOJ, state attorneys general, and others may challenge the Merger on antitrust grounds either before or after the expiration or termination of the applicable waiting period. Accordingly, at any time before or after completion of the Merger, any of the FTC, the DOJ, or others could take action under the antitrust laws, including without limitation seeking to enjoin the completion of the Merger or permitting completion subject to regulatory concessions or conditions. Enbridge does not believe that the Merger violates federal or state antitrust laws, but there can be no assurance that a challenge to the Merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

### ***Canadian Approvals***

Under the Competition Act (Canada), and the regulations promulgated thereunder, the Merger cannot be completed until, among other things, notifications have been given and certain information has been provided to the Canadian Competition Bureau, all applicable waiting periods have expired or been terminated and the Canadian Competition Bureau has provided the Competition Act (Canada) Clearance.

Each of Enbridge and Spectra Energy filed a Pre-Merger Notification on October 3, 2016 and Enbridge filed a request for an advance ruling certificate pursuant to the Competition Act (Canada) with the Canadian Competition Bureau on October 3, 2016. On November 2, 2016, Spectra Energy and Enbridge received a Supplementary Information Request from the Canadian Competition Bureau in connection with the Canadian Competition Bureau's review of the Merger. The Supplementary Information Request was issued under the Competition Act (Canada). The effect of the Supplementary Information Request is to extend the waiting period under the Competition Act (Canada) until thirty days after Spectra Energy and Enbridge have substantially complied with the Supplementary Information Request, unless that period is terminated earlier by the Canadian Competition Bureau, Spectra Energy and Enbridge are continuing to work closely and cooperatively with the Canadian Competition Bureau in its review of the merger. The expiration of any Competition Act (Canada) waiting period would not preclude the Canadian Competition Bureau from challenging the Merger on antitrust grounds or from seeking to preliminarily or permanently enjoin the Merger.

Enbridge filed a notification with the Minister of Transport under the Canada Transportation Act on October 7, 2016. Written confirmation from the Minister of Transport is required to complete the Merger.

### ***CFIUS***

Section 721 of the DPA, as well as related Executive Orders and regulations, authorize the President or CFIUS to review transactions which could result in control of a U.S. business by a foreign person. Under the DPA and Executive Order 13456, the Secretary of the Treasury acts through CFIUS to coordinate review of certain covered transactions that are voluntarily submitted to CFIUS or that are unilaterally reviewed by CFIUS. In general, CFIUS review of a covered transaction occurs in an initial 30 day review period that may be extended by CFIUS for an additional 45 day investigation period. At the close of its review or investigation, CFIUS may decline to take any action relative to the covered transaction; may impose mitigation terms to resolve any national security concerns with the covered transaction; or may send a report to the President recommending that the transaction be suspended or

prohibited, or providing notice to the President that CFIUS cannot agree on a recommendation relative to the covered transaction. The President has 15 days under the DPA to act on the Committee's report.

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If CFIUS determines that a transaction presents national security concerns, it can impose measures to mitigate such concerns or recommend that the President of the United States block or unwind a transaction. Parties to transactions subject to CFIUS' jurisdiction may voluntarily notify CFIUS of their proposed transactions in order to obtain CFIUS approval. CFIUS may also initiate a review of any transaction within its jurisdiction. Under the terms of the Merger Agreement, Enbridge and Spectra Energy are required to submit a joint voluntary notice of the Merger to CFIUS within certain time frames set forth in the Merger Agreement (the **CFIUS Notice**). On October 11, 2016, Enbridge and Spectra Energy submitted a draft joint voluntary notice with CFIUS. On November 2, 2016, Enbridge and Spectra Energy submitted the final joint voluntary notice with CFIUS. Completion of the Merger is conditioned on one of (a) the 30 day review period under the DPA commencing on the date that the CFIUS Notice is accepted by CFIUS has expired and the parties to the Merger Agreement have received written notice from CFIUS that such review has been concluded and that either the transactions contemplated by the Merger Agreement do not constitute a covered transaction under the DPA or there are no unresolved national security concerns; (b) an investigation has been commenced after such 30 day review period and CFIUS has determined to conclude all deliberative action under the DPA without sending a report to the President of the United States, and the parties to the Merger Agreement have received written notice from CFIUS that either the transactions contemplated by the Merger Agreement do not constitute a covered transaction under the DPA or there are no unresolved national security concerns, and all action under the DPA has concluded with respect to the transactions contemplated by the Merger Agreement; or (c) CFIUS has sent a report to the President of the United States requesting the President's decision and either (i) the period under the DPA during which the President may announce his decision to take action to suspend, prohibit or place any limitations on the transactions contemplated by the Merger Agreement has expired without any such action being threatened, announced or taken or (ii) the President has announced a decision not to take any action to suspend, prohibit or place any limitations on the transactions contemplated by the Merger Agreement.

**Litigation Relating to the Merger**

Spectra Energy and its board of directors are named as defendants in six putative class action lawsuits filed by purported stockholders of Spectra Energy that challenge the Merger. The lawsuits include *Paul Parshall v. Spectra Energy Corp, et al.*, 12809-CB, filed in the Court of Chancery for the State of Delaware, and *Mary Lincoln v. Spectra Energy Corp, et al.*, 16-cv-03019, *Joseph Koller v. Spectra Energy Corp, et al.*, 16-cv-03059, *Joseph Costner v. Spectra Energy Corp et al.*, 16-cv-03065, *John L. Williams v. Spectra Energy Corp et al.*, 16-cv-03069 and *Joseph McMillan v. Spectra Energy Corp et al.*, 16-cv-03130, all filed in the United States District Court for the Southern District of Texas. The complaints allege, among other things, that Spectra Energy and its board of directors breached the board's fiduciary duties (in the Delaware lawsuit) and violated Sections 14(a) and 20(a) of the Exchange Act and Rule 14a-9 promulgated thereunder (in the Southern District of Texas lawsuits), as applicable, by issuing or causing to be issued an allegedly materially misleading and incomplete preliminary proxy statement in connection with the Merger. Enbridge and Merger Sub are also named as defendants in the Delaware lawsuit, and the Delaware complaint alleges, among other things, that Enbridge and Merger Sub aided and abetted Spectra Energy's board of directors breach of fiduciary duties. Plaintiffs seek as relief, among other things, an injunction against the Merger, rescission of the Merger to the extent it is already implemented, declaratory relief, costs and attorneys' fees, and/or damages. Enbridge and Spectra Energy believe the actions are without merit and intend to vigorously defend against them.

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**THE MERGER AGREEMENT**

*The summary of the material provisions of the Merger Agreement below and elsewhere in this Management Information Circular is qualified in its entirety by reference to the Merger Agreement, a copy of which is attached to this Management Information Circular as Appendix A Merger Agreement and is incorporated by reference into this Management Information Circular. This summary does not purport to be complete and may not provide all of the information about the Merger Agreement that might be important to you. You are urged to read the Merger Agreement carefully and in its entirety because it is the legal document that governs the Merger.*

**Explanatory Note Regarding the Merger Agreement**

The Merger Agreement and this summary are included solely to provide you with information regarding its terms. The representations, warranties and covenants made in the Merger Agreement by Enbridge, Spectra Energy and Merger Sub were made solely for the purposes of the Merger Agreement as of specific dates and were qualified and subject to important limitations agreed to by Enbridge, Spectra Energy and Merger Sub in connection with negotiating the terms of the Merger Agreement. In particular, in your review of the representations and warranties contained in the Merger Agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the Merger Agreement may have the right to not complete the Merger if the representations and warranties of the other party prove to be untrue, and allocating risk between the parties to the Merger Agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to shareholders and reports and documents filed on SEDAR or with the SEC, are qualified by certain matters contained in certain reports publicly filed on SEDAR or with the SEC, and in some cases were qualified by the matters contained in the respective confidential disclosure letters that Enbridge and Spectra Energy delivered to each other in connection with the Merger Agreement, which disclosures were not included in the Merger Agreement attached to this Management Information Circular as *Appendix A Merger Agreement*. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this Management Information Circular, may have changed since the date of the Merger Agreement. Accordingly, the representations and warranties and other provisions of the Merger Agreement should not be read alone, but instead should be read together with the information provided elsewhere in this Management Information Circular, the documents incorporated by reference into this Management Information Circular, and reports, statements and filings that Enbridge and Spectra Energy file on SEDAR and with the SEC from time to time. For more information, see the sections entitled *Information Contained in Management Information Circular Information Incorporated by Reference* and *Additional Information*.

**The Merger**

The Merger Agreement provides that, subject to the terms and conditions of the Merger Agreement, at the Effective Time, Merger Sub, a direct wholly-owned subsidiary of Enbridge, will merge with and into Spectra Energy. Spectra Energy will continue as the Surviving Corporation in the Merger, become a direct wholly-owned subsidiary of Enbridge and cease to be a publicly traded company.

The completion of the Merger will occur on the third business day after all of the closing conditions set forth in the Merger Agreement are satisfied or waived (other than those conditions that by their nature are to be satisfied at the closing, but subject to satisfaction or waiver of those conditions), or at such other time as Enbridge and Spectra Energy agree in writing. For more information, see the section entitled *The Merger Agreement Conditions that Must Be Satisfied or Waived for the Merger to Occur*. The Merger will become effective when the certificate of merger has been duly filed with the Secretary of State of the State of Delaware or at a later time as agreed by the parties to be

specified in such certificate of merger.



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### **Effects of the Merger**

#### ***Merger Sub***

The Merger Agreement provides that the directors of Merger Sub as of the Effective Time will serve as the directors of Spectra Energy following the Effective Time, the officers of Spectra Energy as of the Effective Time will serve as the officers of Spectra Energy following the Effective Time, the certificate of incorporation of Merger Sub as of the Effective Time will, subject to certain requirements concerning indemnification of directors and officers, serve as the certificate of incorporation of Spectra Energy following the Effective Time, and the by-laws of Merger Sub as of the Effective Time will serve as the by-laws of Spectra Energy following the Effective Time.

#### ***Enbridge Governance and Other Matters***

At least five business days prior to the Closing Date, Spectra Energy will designate the Spectra Energy Designees from the Spectra Energy board of directors to be appointed to the Enbridge board of directors. If any Spectra Energy Designee was not a director of Spectra Energy as of the date of the Merger Agreement, Enbridge will have the right to consent to the designation of such director as a Spectra Energy Designee, with such consent not to be unreasonably withheld, conditioned or delayed by Enbridge.

Prior to the Closing Date, Enbridge has agreed to take all actions necessary to (i) cause the Enbridge board of directors to consist of 13 directors at the Effective Time, (ii) secure the resignations of such number of Enbridge directors as is necessary for the Enbridge board of directors, immediately following the Effective Time, to consist of 13 directors following the appointment of each of the Spectra Energy Designees, which resignations will be effective at or prior to the Effective Time and (iii) cause the Spectra Energy Designees to be appointed to the Enbridge board of directors as of the Effective Time. Following the Effective Time, Enbridge has agreed to take all actions necessary to cause the Spectra Energy Designees to be elected as directors of Enbridge at each annual meeting of Enbridge Shareholders prior to the 2019 annual shareholders meeting, and with respect to Gregory L. Ebel (or to the extent Gregory L. Ebel is no longer available to serve as non-executive Chairman of the Enbridge board of directors, such other Spectra Energy Designee as selected by Spectra Energy and approved by Enbridge) at each annual meeting of Enbridge Shareholders prior to the 2020 annual meeting.

Prior to the Closing Date, Enbridge has agreed to take all actions necessary to (i) submit the By-law Amendment (in the form set forth in Exhibit A to the Merger Agreement) to the Enbridge Shareholders for approval in accordance with the Canada Corporations Act at the Enbridge Special Meeting and make such By-law Amendment effective as of the Effective Time and (ii) cause Gregory L. Ebel (or to the extent Gregory L. Ebel is no longer available to serve as non-executive Chairman of the Enbridge board of directors, such other Spectra Energy Designee as selected by Spectra Energy and approved by Enbridge) to become the non-executive Chairman of the Enbridge board of directors at the Effective Time and to hold such position until the termination of the 2020 annual meeting of Enbridge Shareholders.

Following the Effective Time, Enbridge has agreed to and has agreed to cause its subsidiaries to (i) maintain a substantial business presence in Houston, Texas, which will be the headquarters for Enbridge's natural gas business, and maintain, for a period of at least five years following the completion of the Merger, comparable levels of charitable giving to that of Spectra Energy and its subsidiaries prior to the Effective Time and (ii) provide certain post-closing benefits to Gregory L. Ebel in his capacity as non-executive Chairman of the Enbridge board of directors.

### **Merger Consideration**

At the Effective Time, by virtue of the Merger and without any action on the part of the parties to the Merger Agreement or any Spectra Energy stockholder, each share of Spectra Energy common stock issued and outstanding immediately prior to the Effective Time (other than Spectra Energy common stock owned directly by

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Enbridge, Merger Sub or Spectra Energy, and in each case not held on behalf of third parties), will be automatically converted into the right to receive 0.984 of a validly issued, fully paid and non-assessable Enbridge Common Share (i.e. the Merger Consideration).

The Merger Consideration will be equitably adjusted to provide Spectra Energy stockholders and Enbridge the same economic effect as contemplated by the Merger Agreement in the event of any reclassification, stock split (including a reverse stock split), stock dividend or distribution, recapitalization, merger or other similar transaction involving Spectra Energy common stock or Enbridge Common Shares prior to the completion of the Merger.

### **Canadian Exchange Offer**

Each Spectra Energy stockholder who is (i) a resident of Canada for the purposes of the Canadian Tax Act or (ii) a partnership at least one partner of which is a resident of Canada for the purposes of the Canadian Tax Act (each a Canadian Spectra Energy shareholder) may elect to have Enbridge purchase, subject to the completion of the Merger, all of the shares of Spectra Energy common stock held by each Canadian Spectra Energy shareholder in consideration for the Merger Consideration, consisting of 0.984 of a validly issued, fully paid and non-assessable Enbridge Common Share. Spectra Energy common stock held by a Canadian Spectra Energy shareholder who does not participate in the Canadian Exchange Offer in accordance with its terms will, upon completion of the Merger, be converted into, and become exchangeable for, the Merger Consideration as described in the above section entitled *The Merger Agreement - Merger Consideration* .

Subject to satisfaction or waiver of all conditions (other than those relating to the Canadian Exchange Offer and those that by their nature are to be satisfied at the completion of the Merger, but subject to the satisfaction or waiver of those conditions) pursuant to the Merger Agreement, each purchase of Spectra Energy common stock from a Canadian Spectra Energy shareholder who validly tenders his, her or its Spectra Energy common stock to Enbridge pursuant to the Canadian Exchange Offer will be completed immediately prior to the Effective Time.

### **No Fractional Shares**

No fractional Enbridge Common Shares will be issued upon the conversion of Spectra Energy common stock or in the Canadian Exchange Offer. All fractional Enbridge Common Shares that a Spectra Energy stockholder would be otherwise entitled to receive pursuant to the Merger Agreement or the Canadian Exchange Offer will be aggregated and rounded to three decimal places. Any holder otherwise entitled to receive a fractional Enbridge Common Share will be entitled to receive a cash payment, without interest, in lieu of any fractional share, which payment will be calculated by the Exchange Agent and will represent such holder's proportionate interest in an Enbridge Common Share based on the average (rounded to the nearest thousandth) of the closing trading prices of Enbridge Common Shares on the NYSE, as reported by the NYSE for the 10 trading days ending on, and including, the trading day that is three trading days prior to the Closing Date of the Merger. No holder will be entitled by virtue of the right to receive cash in lieu of fractional Enbridge Common Shares to any dividends, voting rights or any other rights in respect of any fractional Enbridge Common Share. The payment of cash in lieu of fractional Enbridge Common Shares is not a separately bargained-for consideration and solely represents a mechanical rounding-off of the fractions in the exchange.

### **Surrender of Spectra Energy Common Stock**

Prior to the Effective Time, Enbridge will deposit or cause to be deposited with the Exchange Agent for the benefit of the holders of Eligible Shares and Spectra Energy common stock tendered in the Canadian Exchange Offer, (i) Enbridge Common Shares to be issued in uncertificated form or book-entry form as Merger Consideration and

pursuant to the Canadian Exchange Offer, and (ii) cash comprising approximately the amount required to pay cash in lieu of any fractional shares. After the Effective Time, Enbridge will deposit or cause to be deposited with the Exchange Agent, any dividends or other distributions, if any, to which the holders of Eligible Shares may be entitled with both a record and payment date after the Effective Time and prior to the surrender of such Eligible Shares.

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Promptly after the Effective Time (and in any event within three business days after the Effective Time), the Surviving Corporation will cause the Exchange Agent to mail to each holder of record of Eligible Shares a letter of transmittal and instructions for use in effecting the surrender of book-entry shares or certificates (or affidavits of loss in lieu of the certificates) to the Exchange Agent.

Upon surrender to the Exchange Agent of Eligible Shares that are certificates, by physical surrender of such certificate (or affidavit of loss in lieu of a certificate) or that are book-entry shares, by book-receipt of an agent's message by the Exchange Agent in connection with the transfer of book-entry shares, in accordance with the terms of the letter of transmittal and accompanying instructions or, with respect to book-entry shares, in accordance with customary procedures and such other procedures as agreed to by Enbridge, Spectra Energy and the Exchange Agent, the holder of such certificate or book-entry share will be entitled to receive (i) the Merger Consideration and (ii) an amount (if any) in immediately available funds (or, if no wire transfer instructions are provided, a check, and in each case, after giving effect to any required tax withholdings) of (A) any cash in lieu of fractional shares plus (B) any unpaid non-stock dividends and any other dividends or other distributions, in each case, that such holder has the right to receive pursuant to the Merger Agreement.

No interest will be paid or accrued on any amount payable upon due surrender of Eligible Shares.

In the event any certificate representing Eligible Shares will have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed and, if required by Enbridge, the posting by such person of a bond in customary amount and upon such terms as may be reasonably required by Enbridge as indemnity against any claim that may be made against it with respect to such certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed certificate the Enbridge Common Shares, cash (in the case of fractional Enbridge Common Share entitlements) and any unpaid dividends or other distributions that would be payable or deliverable in respect thereof pursuant to the Merger Agreement had such lost, stolen or destroyed certificate been surrendered.

## **Withholding**

Each of Enbridge, Spectra Energy, the Exchange Agent and the Surviving Corporation will be entitled to deduct and withhold from the consideration otherwise payable pursuant to the Merger Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under the Code or any other applicable tax law. To the extent that amounts are so withheld by Enbridge, Spectra Energy, the Exchange Agent or the Surviving Corporation, such withheld amounts (a) will be timely remitted to the applicable governmental entity, and (b) will be treated for all purposes of the Merger Agreement as having been paid to the person in respect of which such deduction and withholding was made to the extent such withheld amounts are remitted to the appropriate governmental entity.

## **Treatment of Spectra Energy Equity Awards**

### ***Options***

At the Effective Time, each outstanding Spectra Energy option, whether vested or unvested, will automatically be converted into an option to purchase, on the same terms and conditions as were applicable immediately prior to the Effective Time, the number of Enbridge Common Shares equal to the product (rounded down to the nearest whole number) of (i) the number of shares of Spectra Energy common stock subject to such option immediately prior to the Effective Time and (ii) the Exchange Ratio, at an exercise price per share (rounded up to the nearest whole cent) equal to (A) the exercise price per share of Spectra Energy common stock of such Spectra Energy option immediately prior to the Effective Time divided by (B) the Exchange Ratio.

***Phantom Units***

At the Effective Time, each outstanding Spectra Energy phantom unit, whether vested or unvested, will automatically be adjusted to represent a phantom unit, on the same terms and conditions as were applicable

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immediately prior to the Effective Time, denominated in a number of Enbridge Common Shares equal to the product (rounded down to the nearest whole number) of (i) the number of shares of Spectra Energy common stock subject to such phantom unit immediately prior to the Effective Time and (ii) the Exchange Ratio.

***Post-2015 Performance Stock Units***

At the Effective Time, each outstanding Post-2015 Spectra Energy PSU will automatically be adjusted to represent a service-based stock unit, on the same terms and conditions (including service vesting terms, but excluding any performance vesting terms) as were applicable immediately prior to the Effective Time, denominated in Enbridge Common Shares (an **Enbridge Stock-Based RSU**). The number of Enbridge Common Shares subject to each such Enbridge Stock-Based RSU will be equal to the product (rounded down to the nearest whole number) of (i) the number of shares of Spectra Energy common stock subject to such Post-2015 Spectra Energy PSU immediately prior to the Effective Time (with any performance-based vesting conditions deemed satisfied based on actual performance through the Effective Time, in the case of performance stock units granted in 2016, and based on target, in the case of performance stock units granted in 2017) multiplied by (ii) the Exchange Ratio.

***2014 and 2015 Performance Stock Units***

At the Effective Time, each outstanding 2014 Spectra Energy PSU and 2015 Spectra Energy PSU, respectively, will automatically be cancelled and converted into the right to receive a number of Enbridge Common Shares equal to the product (rounded down to the nearest whole number) of (i) the number of shares of Spectra Energy common stock subject to such 2014 Spectra Energy PSU or 2015 Spectra Energy PSU immediately prior to the Effective Time determined in accordance with the immediately following sentence multiplied by (ii) the Exchange Ratio, together with a cash payment equal to the amount of any dividend equivalents accrued with respect to such 2014 Spectra Energy PSU or 2015 Spectra Energy PSU. The number of shares of Spectra Energy common stock subject to such 2014 Spectra Energy PSU or 2015 Spectra Energy PSU will be determined, (A) for any 2014 Spectra Energy PSU, assuming a vesting percentage of 100%, and (B) for any 2015 Spectra Energy PSU, assuming a vesting percentage determined as set forth in the applicable award agreement (i.e., based upon Spectra Energy's total stockholder return relative to the total stockholder return of the peer group for the period beginning on January 1, 2015 and ending on the date on which the Effective Time occurs).

***Other Awards***

At the Effective Time, each right of any kind, contingent or accrued, to acquire or receive Spectra Energy common stock or benefits measured by the value of Spectra Energy common stock, and each award of any kind consisting of Spectra Energy common stock that may be held, awarded, outstanding, payable or reserved for issuance under Spectra Energy's benefit plans other than Spectra Energy options, Spectra Energy phantom units, and Spectra Energy performance stock units, will automatically be adjusted to represent a right to acquire or receive benefits, on the same terms and conditions, as were applicable immediately prior to the Effective Time, measured by the value of Enbridge Common Shares equal to the product (rounded down to the nearest whole number) of (i) the number of shares of Spectra Energy common stock subject to such award immediately prior to the Effective Time and (ii) the Exchange Ratio, and to the extent such award provides for payments to the extent the value of the Spectra Energy common stock exceed a specified reference price, at a reference price per share (rounded to the nearest whole cent) equal to (A) the reference price per share of Spectra Energy common stock of such award immediately prior to the Effective Time divided by (B) the Exchange Ratio.

**Representations and Warranties**

The Merger Agreement contains a number of representations and warranties made by each of Enbridge and Spectra Energy solely for the benefit of the other, and that are subject in some cases to important exceptions and qualifications, including, among other things, as to materiality and material adverse effect. Furthermore, the assertions embodied in those representations and warranties are qualified by information in Enbridge's and



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Spectra Energy's respective public filings and the confidential disclosure letters that the parties have exchanged in connection with signing the Merger Agreement, which disclosure letters will not be reflected in the Merger Agreement or otherwise publicly disclosed. The confidential disclosure letters contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the Merger Agreement. See the section entitled *The Merger Agreement - Material Adverse Effect* below for a definition of material adverse effect applicable to each company. The representations and warranties were used for the purpose of allocation of risk between the parties to the Merger Agreement rather than establishing matters of fact. For the foregoing reasons, these descriptions, representations and warranties should not be read alone. The representations and warranties of Enbridge and Spectra Energy in the Merger Agreement relate to, among other things:

due organization, valid existence, good standing, corporate power and authority, organizational documents and ownership of subsidiaries;

capital structure, including in particular the number of shares of common stock, preferred stock, equity-based awards issued and outstanding and the absence of certain debt and securities;

corporate power and authority to enter into the Merger Agreement and to complete the transactions contemplated by the Merger Agreement, board recommendations, requisite stockholder/shareholder approvals and the enforceability of the Merger Agreement;

consents and approvals relating to the execution, delivery and performance of the Merger Agreement, including required filings with, and the consents and approvals of, government entities in connection with the transactions contemplated by the Merger Agreement;

absence of conflicts with or breaches of its or its subsidiaries' governing documents, certain contracts or applicable laws as a result of the execution, delivery and performance of the Merger Agreement and the completion of the Merger and the other transactions contemplated by the Merger Agreement;

filings with the applicable Canadian securities regulators and with the SEC pursuant to the U.S. Exchange Act or U.S. Securities Act, as applicable, since December 31, 2013;

internal controls over financial reporting and disclosure controls and procedures;

compliance with U.S. GAAP;

financial statements and fair presentation of consolidated financial position;

conduct of business in the ordinary course and the absence of a material adverse effect on Enbridge or Spectra Energy, as applicable, since December 31, 2015;

absence of certain litigation, orders and injunctions;

no undisclosed liabilities;

matters related to employee benefit plans;

labor and employment matters;

real and personal property matters;

non-status as an investment company (as defined in the Investment Company Act of 1940);

compliance with laws and licenses, and possession of requisite permits;

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inapplicability of certain anti-takeover statutes or regulations or anti-takeover provisions in organizational documents;

environmental matters;

tax matters;

intellectual property matters;

insurance matters;

matters with respect to certain material contracts;

brokers' fees in connection with the transactions contemplated by the Merger Agreement;

affiliate transactions;

accuracy of the information supplied for inclusion in the proxy statement/prospectus to be provided to Spectra Energy stockholders and in this Management Information Circular;

absence of ownership of, in the case of Enbridge and its subsidiaries, Spectra Energy common stock or certain securities, contract rights or derivative positions, and in the case of Spectra Energy and its subsidiaries, Enbridge Common Shares or certain securities, contract rights or derivative positions; and

first nations matters.

The Merger Agreement also contains representations and warranties made by Merger Sub as to, among other things:

due organization, valid existence, good standing and corporate power and authority;

capitalization;

corporate power and authority to enter into the Merger Agreement and to complete the transactions contemplated by the Merger Agreement and the enforceability of the Merger Agreement; and

non-contravention of its governing documents as a result of entering into the Merger Agreement and the completion of the Merger and the other transactions contemplated by the Merger Agreement.

**Material Adverse Effect**

Specified representations and warranties in the Merger Agreement are subject to materiality or material adverse effect qualifications (that is, such representation or warranty will not be deemed to be untrue or incorrect unless its failure to be true or correct, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect).

Under the Merger Agreement a **material adverse effect** with respect to Enbridge or Spectra Energy is defined as any change, effect, event, occurrence or development that has a material adverse effect on the business, financial condition or operations of such party and its subsidiaries, in each case taken as a whole, but excluding any change, effect, event, occurrence or development to the extent resulting from the following:

changes in the U.S., Canadian, foreign or worldwide economy in general, including as a result of changes in geopolitical conditions;

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(i) changes in the natural gas, crude oil, refined petroleum products, other hydrocarbon products, natural gas liquids and products produced from the fractionation of natural gas liquids (collectively, **energy products**) (ii) changes in gathering, drilling, processing, treating, transportation, storage and marketing industries or related products and services (including those due to actions by competitors and including any change in the prices (benchmark, realized or otherwise) of energy products) or (iii) other changes in the industry in which Enbridge or Spectra Energy (as applicable) conducts its business;

changes in the financial, debt, capital, credit or securities markets generally in the U.S., Canada or elsewhere in the world, including changes in interest rates;

any change in stock price, trading volume or credit rating or any failure to meet internal or published analyst estimates or expectations of revenue, earnings or other financial performance or results of operations for any period, or any failure to meet internal or published projections, budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations for any period; however, changes underlying such changes or failures may be taken into account to the extent not otherwise excluded from the definition of material adverse effect;

changes or prospective changes resulting from any adoption, implementation, promulgation, repeal, modification, reinterpretation, change of enforcement or proposal of any rule, regulation, ordinance, order, protocol or any other law, legislative or political conditions or policy or practices of any governmental entity;

changes or prospective changes in applicable accounting regulations or principles or interpretations or the enforcement thereof;

acts of terrorism or outbreak or escalation of hostilities or war (whether declared or not declared) (or the worsening of any such conditions) or earthquakes, any weather-related or other natural disasters or acts of God, however such change will be taken into account in determining whether a material adverse effect has occurred to the extent it disproportionately adversely affects such party to the Merger Agreement and its subsidiaries compared to other companies operating in the industries in which such party to the Merger Agreement and its subsidiaries operate;

the execution and delivery or existence of the Merger Agreement or the public announcement or pendency of the Merger, including any impact on relationships, contractual or otherwise, with customers, suppliers, distributors, lenders, partners or employees or any lawsuit, action or proceedings with respect to the Merger or any of the other transactions contemplated by the Merger Agreement, or any action taken or requirements imposed by any governmental entity in connection with the Merger or any of the other transactions contemplated by the Merger Agreement;

the performance by any party to the Merger Agreement of its obligations under the Merger Agreement, including any action taken or omitted to be taken at the request or with the consent of the other parties to

the Merger Agreement;

any action taken or omitted to be taken by a party to the Merger Agreement (i) at the request of the other parties to the Merger Agreement, which action or omission is not required under the terms of the Merger Agreement or (ii) which action or omission is required to comply with the terms of the Merger Agreement but for which the party to the Merger Agreement will have requested the other party's consent to permit its non-compliance and such non-requesting party will not have granted such consent; or

the creditworthiness or financial condition of any customer or other commercial counterparty of such party to the Merger Agreement or any of its subsidiaries.

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**Covenants Regarding Conduct of Business by Enbridge, Merger Sub and Spectra Energy Pending the Merger**

From the date of the Merger Agreement until the Effective Time (unless Enbridge or Spectra Energy, as applicable, otherwise approves in writing (such approval not to be unreasonably withheld, conditioned or delayed)), each of Enbridge and Spectra Energy has agreed to, and has agreed to cause its subsidiaries to, conduct its business and its subsidiaries' businesses in the ordinary and usual course and, to the extent consistent therewith, use its and its subsidiaries' respective commercially reasonable efforts to preserve their business organizations intact and maintain existing relations and goodwill with governmental entities, customers, suppliers, licensors, licensees, distributors, creditors, lessors, employees and business associates, and keep available the services of its and its subsidiaries' present officers, employees and agents, except as required by law, expressly contemplated or required by the Merger Agreement or as set forth in the Enbridge disclosure letter or Spectra Energy disclosure letter, as applicable.

Each of Enbridge and Spectra Energy has agreed to specific restrictions relating to the conduct of its business between the date of the execution of the Merger Agreement and the Effective Time, including not to do any of the following, except as required by law or any benefit plan or collective bargaining agreement, or as required or expressly contemplated by the Merger Agreement or with the prior written consent of the other party (such consent not to be unreasonably withheld, delayed or conditioned), subject to exceptions set forth in the Enbridge disclosure letter or Spectra Energy disclosure letter, as applicable, and to other specified exceptions:

amend its certificate or articles of incorporation or by-laws or comparable governing documents other than amendments that solely effect ministerial changes to such documents and that would not adversely affect the completion of the Merger or the other transactions contemplated by the Merger Agreement;

except for any transactions among or solely involving a party's wholly-owned subsidiaries or among wholly-owned subsidiaries of a party's subsidiaries, merge or consolidate itself or any of its subsidiaries with any other person, or restructure, reorganize or completely or partially liquidate or otherwise enter into any agreements or arrangements imposing material changes or restrictions on its material assets, operations or businesses;

acquire assets or businesses, whether by merger, consolidation, purchase or otherwise, from any other person with a fair market value or purchase price in excess of agreed upon limits and subject to certain exceptions for transactions with subsidiaries;

issue, sell, pledge, dispose of, grant, transfer, encumber, or authorize the issuance, sale, pledge, disposition, grant, transfer, lease, license, guarantee or encumbrance of, or otherwise enter into any contract or understanding with respect to the voting of, any shares of its capital stock (or equity interests) or of any of its subsidiaries (other than the issuance of shares (or equity interests) (i) by any of its wholly-owned subsidiaries to it or another of its wholly-owned subsidiaries or by any wholly-owned subsidiaries of a party's subsidiary to such subsidiary or another wholly-owned subsidiary of such subsidiary or (ii) in respect of equity-based awards outstanding as of September 5, 2016 or subsequently issued in accordance with the Merger Agreement, in each case in accordance with their terms and the plan documents), or securities convertible or exchangeable into or exercisable for any shares of such capital stock (or equity interests), or any options, warrants or other rights of any kind to acquire any

shares of such capital stock or such convertible or exchangeable securities;

create or incur any encumbrance on any assets of such party or any of its subsidiaries having a value in excess of agreed upon limits that is not incurred in the ordinary course of business on any such assets of such party or any of its subsidiaries;



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except in the ordinary course of business, make any loans, advances, guarantees or capital contributions to or investments in any person (other than (i) to or from Spectra Energy and any of its wholly-owned subsidiaries or to or from any wholly-owned subsidiaries of a subsidiary of Spectra Energy and such subsidiary or (ii) to or from Enbridge and any of its wholly-owned subsidiaries or to or from any wholly-owned subsidiaries of a subsidiary of Enbridge and such subsidiary, as applicable) in excess of agreed upon limits;

(i) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock or other equity interests other than (A) dividends or distributions by a wholly-owned subsidiary or by a wholly-owned subsidiary of a subsidiary to another wholly-owned subsidiary or to such subsidiary, (B) dividends or distributions required under the applicable organizational documents of such entity in effect on the date of the Merger Agreement, (C) regular cash dividends made by Enbridge or any of its subsidiaries with customary record and payment dates not in excess of agreed upon limits, and (D) regular cash dividends made by Spectra Energy or its subsidiaries with customary record and payment dates not in excess of agreed upon limits or (ii) modify in any material respect its dividend policy;

reclassify, split, combine, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock (or equity interests) or securities convertible or exchangeable into or exercisable for any shares of its capital stock (or equity interests), other than with respect to (i) the capital stock or other equity interests of a wholly-owned subsidiary of Spectra Energy or Enbridge, as applicable, (ii) the acquisition of Spectra Energy common stock or Enbridge Common Shares by Spectra Energy or Enbridge, respectively, that are tendered by holders of equity-based awards to satisfy the obligations to pay the exercise price or tax withholding obligations with respect to such awards, and (iii) the acquisition by Spectra Energy or Enbridge of equity-based awards in connection with the forfeiture of such awards;

sell, drop-down, transfer, lease, divest or otherwise dispose of, whether by merger, consolidation, sale or otherwise, any assets, business or a division of any business with a value in excess of agreed upon limits, other than (i) transactions solely between or among (A) Spectra Energy and any of its wholly-owned subsidiaries or (B) Enbridge and any of its wholly-owned subsidiaries, (ii) in connection with services provided in the ordinary course of business or (iii) sales of obsolete assets;

incur any indebtedness (including the issuance of any debt securities, warrants or other rights to acquire any debt security), except for (i) indebtedness that does not exceed agreed upon limits, (ii) indebtedness in replacement of existing indebtedness for borrowed money on terms substantially consistent with or more favorable to Enbridge than the indebtedness being replaced, (iii) guarantees of indebtedness of its wholly-owned subsidiaries otherwise incurred in compliance with this covenant or (iv) indebtedness incurred by Enbridge owed to any of its wholly-owned subsidiaries or by any of Enbridge's wholly-owned subsidiaries and owed to Enbridge or any of its wholly-owned subsidiaries, or by Spectra Energy owed to any of its wholly-owned subsidiaries or by any of Spectra Energy's wholly-owned subsidiaries and owed to Spectra Energy or any of its wholly-owned subsidiaries;

except to the extent not exceeding the amount set forth in the Spectra Energy capital expenditure plan provided to Enbridge, as it relates to Spectra Energy, or the Enbridge capital expenditures plan provided to Spectra Energy, as it relates to Enbridge, make or authorize any payment of, or accrual or commitment for, capital expenditures, except (i) any such expenditure to the extent reasonably necessary to avoid a material business interruption as a result of any act of God, war, terrorism, earthquake, fire, hurricane, storm, flood, civil disturbance, explosion, partial or entire failure of utilities or information technology systems, or any other similar cause not reasonably within the control of such party or its subsidiaries, or (ii) expenditures that Enbridge or Spectra Energy reasonably determines are necessary to maintain the safety and integrity of any asset or property in response to any unanticipated and subsequently discovered events, occurrences or developments;

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other than in the ordinary course of business, (i) enter into any contract (other than any contract that is expressly permitted or contemplated to be entered into by the Merger Agreement) that would have been a material contract (as defined in the Merger Agreement) had it been entered into prior to the execution of the Merger Agreement, (ii) materially amend, modify, supplement, waive, terminate, assign, convey or otherwise transfer, in whole or in part, any material contract, or (iii) forgive, compromise, cancel, modify or waive any debts or claims held by it or waive any rights having a value in excess of agreed upon limits;

other than in the ordinary course of business, settle any action, suit, claim, hearing, arbitration, investigation or other proceedings for an amount in excess of agreed upon limits or on a basis that would result in the imposition of any writ, judgment, decree, settlement, award, injunction or similar order of any governmental entity that would restrict in a material respect the future activity or conduct of such party or any of its subsidiaries;

make any changes with respect to financial accounting policies or procedures, except as required by U.S. GAAP (or any interpretation thereof), including pursuant to standards, guidelines and interpretations of the Financial Accounting Standards Board or any similar organization, or law, including pursuant to SEC rule or policy;

other than in the ordinary course of business, make, change or revoke any material tax election, adopt or change any material tax accounting method, file any material amended tax return, settle any material tax claim, audit, assessment or dispute for an amount materially in excess of the amount reserved or accrued on such party's most recent consolidated balance sheet included in such party's SEC or SEDAR reports, as applicable, or surrender any right to claim a refund of a material amount of taxes;

other than in the ordinary course of business or in accordance with the terms and regular expiration thereof, terminate or permit any material Spectra Energy permit (in the case of Spectra Energy) or Enbridge permit (in the case of Enbridge) to lapse or fail to apply on a timely basis (subject to any cure periods) for any renewal of any renewable material Spectra Energy permit (in the case of Spectra Energy) or Enbridge permit (in the case of Enbridge);

other than in the ordinary course of business or on account of changes in the insurance industry generally in the United States or Canada, make or agree to any material changes to be made to any insurance policies so as to materially affect the insurance coverage of the party or its subsidiaries or assets following the Effective Time;

increase or change the compensation or benefits payable to any employee other than in the ordinary course of business and consistent with past practice, except that, notwithstanding the foregoing, neither party will (i) grant any new long-term incentive or equity-based awards, or amend or modify the terms of any such outstanding awards, under any benefit plan of Enbridge or Spectra Energy, as applicable, (ii) grant any transaction or retention bonuses, (iii) increase or change the compensation or benefits payable to any executive officer, (iv) pay annual bonuses, other than for completed periods based on

actual performance through the end of the applicable performance period, or (v) increase or change the severance terms applicable to any employee; or

agree, authorize or commit to do any of the foregoing actions.

From the date of the Merger Agreement until the earlier of the Effective Time and the termination of the Merger Agreement, Enbridge and Spectra Energy have agreed not to take or permit any of their respective subsidiaries to take or agree to take any action that would reasonably be expected to prevent, materially impair or materially delay the completion of the Merger.

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Each of Enbridge's and Spectra Energy's obligations to take or not take these prohibited actions with respect to any entities (and their respective subsidiaries) which are controlled by such party or in which such party has a voting interest, but that are not directly or indirectly wholly-owned by it or that have public equity holders, only applies to the extent permitted by the organizational documents and governance arrangements of such entity and its subsidiaries, to the extent that Enbridge or Spectra Energy, as applicable, is authorized and empowered to bind such entity and its subsidiaries and to the extent permitted by the party's or its subsidiaries' duties (fiduciary or otherwise) to such entity and its subsidiaries or any of its equity holders.

For purposes of the Merger Agreement, Enbridge and Spectra Energy have agreed that certain joint ventures of Enbridge and Spectra Energy (including DCP Midstream, LLC) (and the respective direct or indirect subsidiaries of any such joint venture), as applicable, are not considered a subsidiary of Enbridge or Spectra Energy, as applicable, and the restrictions described above do not apply to such entities.

Nothing contained in the Merger Agreement gives Enbridge or Spectra Energy, directly or indirectly, the right to control or direct the other party's operations prior to the Effective Time. Prior to the Effective Time, each party will exercise, consistent with the terms and conditions of the Merger Agreement, complete control and supervision over its and its subsidiaries' respective operations. Nothing in the Merger Agreement, including any of the actions, rights or restrictions set forth in the Merger Agreement, will be interpreted in such a way as to require compliance by any party if such compliance would result in the violation of any rule, regulation or policy of any governmental antitrust entity or applicable law.

## **No Solicitation**

Enbridge and Spectra Energy have agreed they each will not, and none of their respective subsidiaries nor any of their respective directors and officers will, and will each instruct their and their subsidiaries' investment bankers, attorneys, accountants and other advisors or representatives (collectively referred to herein as **representatives**), not to, directly or indirectly:

initiate, solicit, propose, knowingly encourage or take any action to knowingly facilitate any inquiry or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, an acquisition proposal;

engage in, continue or otherwise participate in any discussions with or negotiations relating to any acquisition proposal or any inquiry, proposal or offer that would reasonably be expected to lead to an acquisition proposal (other than to state that the terms of the Merger Agreement prohibit such discussions); or

provide any non-public information to any person in connection with any acquisition proposal or any proposal or offer that would reasonably be expected to lead to an acquisition proposal.

Prior to the time, but not after, in the case of Enbridge, the requisite Enbridge Shareholder vote is obtained, or in the case of Spectra Energy, the requisite Spectra Energy stockholder vote is obtained, in response to an unsolicited, *bona fide* written acquisition proposal (that did not result from such party's breach of the above provisions in any material respect), Enbridge or Spectra Energy, as applicable, may (including through a subsidiary or its directors, officers or representatives):

contact such person or group of persons solely to clarify the terms and conditions of the acquisition proposal;

provide information in response to a general or specific request therefor (including non-public information regarding it or any of its subsidiaries) to the person who made such acquisition proposal, as long as such non-public information has previously been made available to, or is made available to, Enbridge or Spectra Energy by the other, as applicable, prior to or concurrently with

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the time such non-public information is made available to such person and that, prior to furnishing any such non-public information, Enbridge or Spectra Energy, as applicable, receives from the person making such acquisition proposal an executed confidentiality agreement with terms not less restrictive in the aggregate to the other party than the terms in the Confidentiality Agreement (such confidentiality agreement does need not to prohibit the making or amending of an acquisition proposal); and

engage or participate in any discussions or negotiations with any such person regarding such acquisition proposal;

only if, prior to taking any action described above, the Enbridge board of directors or the Spectra Energy board of directors, as applicable, determines in good faith after consultation with outside legal counsel that (i) based on the information then available and after consultation with its financial advisor, that such acquisition proposal either constitutes a superior proposal or could reasonably be expected to result in a superior proposal and (ii) the failure to take such action could be inconsistent with the directors' fiduciary duties under applicable law.

Enbridge and Spectra Energy are each required to promptly (and, in any event, within 24 hours) give notice to the other party if they receive (i) any inquiries, proposals or offers constituting an acquisition proposal, (ii) any initial request for information in connection with any acquisition proposal, or (iii) any initial request for discussions or negotiations with respect to an acquisition proposal. Such notice is required to include the name of the proponent and the material terms and conditions of any proposals or offers (including, if applicable, complete copies of any written requests, proposals or offers, including proposed agreements). Enbridge or Spectra Energy, as applicable, will be required to thereafter keep the other party reasonably informed, on a reasonably current basis of the status and material terms of any such proposals or offers (including any amendments) and the status of any such discussions or negotiations, including any material change in its intentions as previously notified.

For the purposes of the Merger Agreement, the term **acquisition proposal** refers to (i) any proposal, offer, inquiry or indication of interest relating to a merger, joint venture, partnership, consolidation, dissolution, liquidation, tender offer, recapitalization, reorganization, spin-off, share exchange, business combination or similar transaction involving Enbridge or Spectra Energy, as applicable, or any of their respective subsidiaries or (ii) any acquisition by any person or group resulting in, or any proposal, offer, inquiry or indication of interest that, in the case of (i) or (ii), if completed would result in, any person or group becoming the beneficial owner of, directly or indirectly, in one or a series of related transactions, 15% or more of the total voting power or of any class of equity securities of Enbridge or Spectra Energy, as applicable, or 15% or more of the consolidated net revenues, net income or total assets (it being understood that assets include, without limitation, equity securities of subsidiaries) of Enbridge or Spectra Energy, as applicable, in each case other than the transactions contemplated by the Merger Agreement.

For the purposes of the Merger Agreement, the term **superior proposal** refers to an unsolicited, *bona fide* written acquisition proposal made after the date of the Merger Agreement that would result in a person or group becoming the beneficial owner of, directly or indirectly, all of the total voting power of the equity securities of Enbridge or Spectra Energy, as applicable, or all or substantially all of the consolidated net revenues, net income or total assets (including, without limitation, equity securities of its subsidiaries), of Enbridge or Spectra Energy, as applicable, that the Enbridge board of directors or Spectra Energy board of directors, as applicable, has determined in good faith, after consultation with outside legal counsel and its financial advisor, taking into account all financial, financing and regulatory aspects of the proposal and such other matters as the Enbridge board of directors or Spectra Energy board of directors, as applicable, deems appropriate, that, if completed, would result in a transaction more favorable to Enbridge Shareholders or Spectra Energy stockholders, as applicable, than the transactions contemplated by the Merger Agreement.





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**Board of Directors Recommendations**

Except as permitted by the Merger Agreement, the Enbridge board of directors (including any committee thereof) or Spectra Energy board of directors (including any committee thereof), as applicable, will not:

withhold, withdraw, qualify or modify (or publicly propose or resolve to withhold, withdraw, qualify or modify) the recommendation to the Enbridge Shareholders of approval of the Enbridge Common Share Issuance in connection with the Merger and the By-law Amendment or the recommendation to the Spectra Energy stockholders of adoption of the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, as applicable, in a manner adverse to Enbridge or Spectra Energy, as applicable; or

approve, adopt or recommend, or publicly declare advisable or publicly propose to enter into, any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement (other than a confidentiality agreement referred to above and entered into in compliance with the above) relating to any acquisition proposal (an **alternative acquisition agreement**).

The taking of any of the actions set forth above will constitute a **change of recommendation**.

Prior to the time, in the case of Enbridge, the requisite Enbridge Shareholder vote is obtained or, in the case of Spectra Energy, the requisite Spectra Energy stockholder vote is obtained, the board of directors of Enbridge or the board of directors of Spectra Energy, as applicable, may effect a change of recommendation if the Enbridge board of directors or the Spectra Energy board of directors, as applicable, determines in good faith, after consultation with outside counsel and its financial advisors and in compliance with the Merger Agreement, that, as a result of a superior proposal or an intervening event, failure to take such action could be inconsistent with the directors' fiduciary duties under applicable law; however, a change of recommendation in response to a superior proposal or intervening event, as applicable, may not be made unless and until Enbridge or Spectra Energy, as applicable, has given Spectra Energy or Enbridge, as applicable, written notice of such action four business days in advance, such notice to comply in form, substance and delivery with the Merger Agreement, setting forth in writing that the Enbridge board of directors or the Spectra Energy board of directors, as applicable, intends to consider whether to take such action and the basis for such action. After giving such notice and prior to effecting such change of recommendation in connection with a superior proposal or intervening event, as applicable, Enbridge or Spectra Energy, as applicable, will afford the other party the opportunity to negotiate during such four business day period with Enbridge or Spectra Energy, as applicable (to the extent Spectra Energy or Enbridge, as applicable, wishes to negotiate) to enable such party to propose revisions to the terms of the Merger Agreement as would permit the Enbridge board of directors or the Spectra Energy board of directors, as applicable, not to effect a change of recommendation in connection with a superior proposal or intervening event, as applicable. At the end of such four business day period, prior to taking action to effect a change of recommendation in response to a superior proposal or an intervening event, as applicable, the Enbridge board of directors or the Spectra Energy board of directors, as applicable, will take into account any changes to the terms of the Merger Agreement proposed by Spectra Energy or Enbridge, as applicable, in writing in response to such notice, and will have determined in good faith, after consultation with its outside legal counsel, that the superior proposal or intervening event, as applicable, would continue to constitute a superior proposal or intervening event, as applicable, if the changes to the terms of the Merger Agreement offered in writing (if any) were to be given effect and that the failure to take such action could be inconsistent with the directors' fiduciary duties under applicable law. Any material amendment to any acquisition proposal (including any change in the amount or form of consideration) will be deemed

to be a new acquisition proposal, except that references to four business days will be deemed to be references to three business days.

As further described in the section below entitled *The Merger Agreement - Termination of the Merger Agreement* , if (i) the Spectra Energy board of directors makes a change of recommendation and Enbridge terminates the Merger Agreement, Spectra Energy will be required to pay a termination fee of US\$1.0 billion,

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and (ii) if the Enbridge board of directors makes a change of recommendation and Spectra Energy terminates the Merger Agreement, Enbridge will be required to pay a termination fee of \$1.75 billion.

The Merger Agreement will not prohibit Enbridge or Spectra Energy, or any of their respective subsidiaries or representatives, from complying with their respective disclosure obligations under applicable law. However, if such disclosure has the substantive effect of withdrawing or adversely modifying the Enbridge board recommendation or the Spectra Energy board recommendation, as applicable, such disclosure will be deemed to be a change of recommendation for the purposes of the Merger Agreement. In such circumstances, Spectra Energy or Enbridge, as applicable, will have the option to terminate the Merger Agreement. A stop, look and listen or similar communication of the type contemplated by Rule 14d-9(f) under the U.S. Exchange Act or any statement that Spectra Energy has received a proposal and is considering such proposal will not be deemed to be a change of recommendation for the purposes of the Merger Agreement.

For the purposes of the Merger Agreement, the term **intervening event** refers to an event, fact, occurrence, development or circumstance that was not known to or reasonably foreseeable by the Enbridge board of directors or the Spectra Energy board of directors, as applicable, as of the date of the Merger Agreement (or if known, the consequences of which were not known to the Enbridge board of directors or the Spectra Energy board of directors, as applicable, as of the date of the Merger Agreement). However, the Merger Agreement provides that in no event will any of the following constitute or be deemed to be an intervening event: (i) the receipt, existence or terms of an acquisition proposal or any matter relating to such acquisition proposal or consequences of such acquisition proposal, (ii) any action taken by either party pursuant to and in compliance with the covenants and agreements set forth in the Merger Agreement, and the consequences of any such action, (iii) changes in the industry in which Enbridge or Spectra Energy, as applicable, operates, (iv) the fact that, in and of itself, Enbridge or Spectra Energy, as applicable, exceeds internal or published projections, or (v) changes, in and of themselves, in the share price of Enbridge or the stock price of Spectra Energy, as applicable.

**Efforts to Obtain Required Stockholder/Shareholder Votes**

The Merger Agreement requires Spectra Energy to take, in accordance with applicable law and its governing documents, all action necessary to convene the Spectra Energy Special Meeting as promptly as practicable (and in any event within 35 days) after the Enbridge U.S. registration statement on Form F-4, of which the proxy statement/prospectus forms a part, is declared effective by the SEC to consider and vote upon the adoption of the Merger Agreement and to cause such vote to be taken.

The Merger Agreement requires Enbridge to take, in accordance with applicable law and its governing documents, all action necessary to convene the Enbridge Special Meeting as promptly as practicable (and in any event within 35 days) after the Enbridge U.S. registration statement on Form F-4, of which the proxy statement/prospectus forms a part, is declared effective by the SEC to consider and vote upon the approval of the Enbridge Common Share Issuance Resolution and the By-law Amendment Resolution and to cause such vote to be taken.

Enbridge and Spectra Energy have agreed to cooperate to schedule and convene their respective shareholder/stockholder meetings on the same date and time.

The obligations of Enbridge and Spectra Energy to hold the Enbridge Special Meeting and Spectra Energy Special Meeting pursuant to the Merger Agreement will not be affected by the making of a change of recommendation by the Enbridge board of directors or Spectra Energy board of directors and the obligations of each party will not be affected by the commencement of or announcement or disclosure of or communication to Enbridge or Spectra Energy, as applicable, of any acquisition proposal or the occurrence or disclosure of an intervening event.

Spectra Energy, in reasonable consultation with Enbridge, may adjourn or postpone the Spectra Energy Special meeting to a later date to the extent Spectra Energy believes in good faith that such adjournment or postponement

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is reasonably necessary (i) to ensure that any required supplement or amendment to the proxy statement/prospectus is provided to the Spectra Energy stockholders within a reasonable amount of time in advance of the Spectra Energy Special Meeting, (ii) to allow reasonable additional time to solicit additional proxies necessary to obtain the requisite Spectra Energy stockholder vote, (iii) to ensure that there are sufficient shares of Spectra Energy common stock represented (either in person or by proxy) and voting to constitute a quorum necessary to conduct the business of the Spectra Energy Special Meeting or (iv) to otherwise comply with applicable law.

Enbridge, in reasonable consultation with Spectra Energy, may adjourn or postpone the Enbridge Special Meeting to a later date to the extent Enbridge believes in good faith that such adjournment or postponement is reasonably necessary (i) to ensure that any required supplement or amendment to this Management Information Circular is provided to Enbridge Shareholders within a reasonable amount of time in advance of the Enbridge Special Meeting, (ii) to allow reasonable additional time to solicit additional proxies necessary to obtain the requisite Enbridge Shareholder vote, (iii) to ensure that there are sufficient Enbridge Common Shares represented (either in person or by proxy) and voting to constitute a quorum necessary to conduct the business of the Enbridge Special Meeting or (iv) to otherwise comply with applicable law.

If, on a date that is one business day prior to the date of the Spectra Energy Special Meeting or the Enbridge Special Meeting, as applicable, is scheduled (referred to herein as the **original date** ), (i) Spectra Energy or Enbridge, as applicable, has not received proxies representing the requisite Spectra Energy stockholder vote or the requisite Enbridge Shareholder vote, as applicable, whether or not a quorum is present or (ii) it is necessary to ensure that any supplement or amendment to the proxy statement/prospectus or this Management Information Circular is required to be delivered, Spectra Energy and Enbridge, as applicable, will, postpone or adjourn, or make one or more successive postponements or adjournments of, the Spectra Energy Special Meeting or the Enbridge Special Meeting, as applicable, as long as the date of the Spectra Energy Special Meeting or the Enbridge Special Meeting, as applicable, is not postponed or adjourned more than 10 days in connection with any one postponement or adjournment or more than an aggregate of 20 days from the original date for these purposes.

## **Employee Benefits**

Enbridge has agreed, following the Effective Time, to cause the Surviving Corporation to honor all benefit plans of Spectra Energy and its subsidiaries in accordance with their terms as in effect immediately before the Effective Time. Enbridge has also agreed that each employee of Spectra Energy and its subsidiaries at the Effective Time who continues to remain employed with Spectra Energy or its subsidiaries following the Effective Time and throughout the periods noted below (collectively, the **continuing employees** ) will:

during the period commencing at the Effective Time and ending on the first anniversary of the Effective Time, be provided with base salary or base wage, as applicable, no less favorable than the base salary or base wage provided by Spectra Energy and its subsidiaries to such employee immediately prior to the Effective Time;

during the period commencing at the Effective Time and ending on December 31, 2017, be provided with target annual cash bonus opportunities and pension and welfare benefits that are, in each case, no less favorable than those provided by Spectra Energy and its subsidiaries to such employee immediately prior to the Effective Time;

during the period commencing on January 1, 2018 and ending on the first anniversary of the Effective Time, be provided with target annual cash bonus opportunities, and pension and welfare benefits that are no less favorable in the aggregate than those provided by Spectra Energy and its subsidiaries to such employee immediately prior to the Effective Time; and

solely to the extent that the Effective Time occurs prior to Spectra Energy's ordinary course grant of equity awards in 2017, be provided with a grant of Enbridge equity or equity-based awards in 2017 having a long-term incentive award target value that is substantially comparable to that of the

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awards granted by Spectra Energy to such employee in 2016 (however, the form or forms of equity and equity-based awards provided to each such employee will be the same form or forms of the awards and in the same proportion provided to similarly situated employees of Enbridge (other than the continuing employees)).

In addition, Enbridge has agreed to cause the Surviving Corporation to provide each continuing employee who is on Canadian payroll and who experiences a qualifying termination within 18 months of the Effective Time with severance benefits at least equal to the severance benefits for which such continuing employee would have been eligible under Spectra Energy's severance practices in effect as of the effective date, as disclosed to Enbridge as of September 5, 2016.

Enbridge has agreed to use commercially reasonable efforts to (i) cause any pre-existing conditions or limitations and eligibility waiting periods under any group health and welfare insurance plans of Enbridge or its affiliates to be waived with respect to the continuing employees and their eligible dependents, (ii) give each continuing employee credit for the plan year in which the Effective Time occurs towards applicable deductibles and annual out-of-pocket limits for medical expenses incurred during such plan year prior to the Effective Time for which payment has been made and (iii) give each continuing employee service credit for such continuing employee's employment with Spectra Energy and its subsidiaries (and any predecessor entities) for purposes of (A) vesting, (B) benefit accrual, (C) pay credit level in any cash balance or similar plan, (D) level of subsidy by Enbridge or its subsidiary for any health or welfare plan, and (E) eligibility to participate, in each case, under each applicable Enbridge benefit plan, as if such service had been performed with Enbridge, except to the extent it would result in a duplication of benefits or in the treatment of a continuing employee under such Enbridge benefit plan that is more favorable than the treatment of a similarly situated employee of Enbridge of the same age and with the same number of years of service.

Enbridge has acknowledged that a "change in control" (or similar phrase) within the meaning of the benefit plans of Spectra Energy and its subsidiaries will occur at or prior to the Effective Time, as applicable.

Under the Merger Agreement, Spectra Energy is permitted to determine the amount of the pre-closing bonus entitlement for each continuing employee who participates in a Spectra Energy annual bonus plan in an amount equal to the employee's full-year bonus entitlement under all such annual bonus plans for 2017, based on the greater of (i) deemed performance at target levels and (ii) actual performance through the latest practicable date prior to the Effective Time, extrapolated through the end of 2017, prorated for the number of days that have elapsed during 2017 through the Effective Time. Enbridge has agreed to cause the Surviving Corporation or its affiliates to (A) provide each continuing employee an annual cash bonus opportunity under an Enbridge annual bonus plan for the balance of 2017 and (B) at the time annual cash bonuses for 2017 are paid to similarly situated employees of Enbridge (other than continuing employees), pay to each continuing employee the sum of (1) his or her pre-closing bonus amount and (2) the amount of such employee's bonus entitlement in respect of the portion of 2017 following the Effective Time. Enbridge and Spectra Energy have also agreed that the annual cash bonus payment in respect of the 2017 calendar year will, to the extent the recipient is a participant therein, be eligible for a matching contribution under, and will be counted towards pensionable earnings under, the applicable benefit plans of Spectra Energy under which such payment would have been taken into account as of the effective date of the Merger Agreement.

With respect to those individuals who as of immediately prior to the Effective Time are receiving benefits under the Spectra Energy Retiree Medical Plan, Enbridge has agreed to continue or cause the Surviving Corporation to continue that plan through the first anniversary of the Effective Time, on terms and conditions no less favorable than those in effect as of the Effective Time. In addition, prior to the Effective Time, Spectra Energy may amend the plan to provide that, among other things, any continuing employee of Spectra Energy and its subsidiaries who experiences a qualifying termination during the one-year period following the Effective Time will be provided with an additional two years of age and service credit for purposes of determining eligibility under the plan (without regard to whether

such employee would be eligible for early retirement under a tax-qualified plan sponsored by Spectra Energy).



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**Table of Contents****Director & Officer Indemnification and Insurance**

After the Effective Time, Enbridge and the Surviving Corporation will indemnify and hold harmless to the fullest extent Spectra Energy would be permitted to under applicable law (and Enbridge and the Surviving Corporation will also advance expenses as incurred, to the fullest extent that Spectra Energy would have been permitted under Delaware law and Spectra Energy's certificate of incorporation as of the date of the Merger Agreement, to) each present and former director and officer of Spectra Energy and its subsidiaries (collectively referred to in this section as **indemnified parties** and each as an **indemnified party**) against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or related to such indemnified parties' service as a director or officer of Spectra Energy or its subsidiaries or services performed by such indemnified party at the request of Spectra Energy at or prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, including in connection with (i) the transactions contemplated by the Merger Agreement and (ii) actions to enforce the indemnification or directors' and officers' indemnification and insurance provisions of the Merger Agreement or any other indemnification or advancement right of any indemnified party. However, any indemnified party to whom expenses are advanced must provide an undertaking to repay such advances if it is ultimately determined by final adjudication that such person is not entitled to indemnification.

Prior to the Effective Time, Spectra Energy will and, if Spectra Energy is unable to, Enbridge will cause the Surviving Corporation as of the Effective Time to, obtain and fully pay the premium for tail insurance policies for the extension of (i) the directors' and officers' liability coverage of Spectra Energy's existing directors' and officers' insurance policies, and (ii) Spectra Energy's existing fiduciary liability insurance policies, in each case for a claims reporting or discovery period of six years from and after the Effective Time (the **tail period**) from one or more insurance carriers with the same or better credit rating as Spectra Energy's insurance carrier as of September 5, 2016 with respect to directors' and officers' liability insurance and fiduciary liability insurance (collectively referred to herein as **D&O insurance**) with terms, conditions, retentions and limits of liability that are at least as favorable to the insureds as Spectra Energy's existing policies with respect to matters existing or occurring at or prior to the Effective Time (including in connection with the Merger Agreement or the transactions or actions contemplated thereby). If Spectra Energy and the surviving corporation for any reason fail to obtain such tail insurance policies as of the Effective Time, the Surviving Corporation will, and Enbridge will cause the Surviving Corporation to, continue to maintain in effect for the tail period the D&O insurance in place as of September 5, 2016 with terms, conditions, retentions and limits of liability that are at least as favorable to the insureds as provided in Spectra Energy's policies as of September 5, 2016, or the Surviving Corporation will, and Enbridge will cause the Surviving Corporation to, purchase comparable D&O insurance for the tail period with terms, conditions, retentions and limits of liability that are at least as favorable as provided in Spectra Energy's existing policies as of September 5, 2016. However, the Merger Agreement provides that in no event will the aggregate cost of the D&O insurance exceed during the tail period 300% of the current aggregate annual premium paid by Spectra Energy for such purpose, and if the cost of such insurance coverage exceeds such amount, the Surviving Corporation will obtain a policy with the greatest coverage available for a cost not exceeding such amount.

If Enbridge or the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other corporation or entity and will not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any individual, corporation or other entity, then, and in each such case, proper provisions will be made so that the successors and assigns of Enbridge or the Surviving Corporation will assume all of the indemnification and directors' and officers' insurance obligations under the Merger Agreement.

The rights of the indemnified parties under the Merger Agreement are in addition to any rights such indemnified parties may have under the certificate of incorporation, by-laws or comparable governing documents of Spectra Energy or any of its subsidiaries, or under any applicable contracts or laws. All rights to indemnification and

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exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time and rights to advancement of expenses relating thereto now existing in favor of any indemnified party as provided in the certificate of incorporation, by-laws or comparable governing documents of Spectra Energy and its subsidiaries or any indemnification agreement between such indemnified party and Spectra Energy or any of its subsidiaries, in each case, as in effect on September 5, 2016, will survive the Merger and the other transactions contemplated by the Merger Agreement unchanged and will not be amended, repealed or otherwise modified in any manner that would adversely affect any right thereunder of any such indemnified party.

Each of the indemnified parties will have the right to enforce the provisions of the Merger Agreement relating to their indemnification as third party beneficiaries of such provisions.

## **Other Covenants and Agreements**

Enbridge and Spectra Energy have agreed in the Merger Agreement to various other covenants and agreements regarding various matters, including:

cooperation between Enbridge and Spectra Energy in the preparation and filing of the proxy statement/prospectus and this Management Information Circular and coordination of the Enbridge Special Meeting and the Spectra Energy Special Meeting;

the use of reasonable best efforts by Spectra Energy to commence consent solicitations to the holders of certain outstanding indebtedness to waive any applicable change in control provisions, defaults or other covenants that would apply in connection with, or otherwise restrict the ability of the parties to complete, the Merger, or make offers to purchase or redeem to satisfy and discharge such outstanding indebtedness on the terms and conditions specified by Enbridge;

access by each party to certain information about the other party during the period prior to the Effective Time and agreement to keep information exchanged confidential;

cooperation with Enbridge and the use of reasonable best efforts by Spectra Energy to delist Spectra Energy common stock from the NYSE and deregister Spectra Energy common stock under the U.S. Exchange Act as promptly as practicable after the Effective Time, and in any event no more than 10 days after the Effective Time.