

THIS FINANCIAL BACKSTOPPING AGREEMENT made as of the 7th day of May, 2012

BETWEEN:

UNION GAS LIMITED, a company existing under the laws of the Province of Ontario,

(hereinafter referred to as “**Union**”)

- and -

ENBRIDGE GAS DISTRIBUTION INC., a company continued under the laws of the Province of Ontario,

(hereinafter referred to as “**Shipper**”)

WHEREAS Shipper has participated in an Open Season held by Union and is one of a group of shippers that have requested and entered into agreements with Union for the provision by Union of transportation services requiring all or a portion of the Expansion Facilities (collectively, the “**Open Season Shippers**”);

AND WHEREAS Union and Shipper have entered into a Precedent Agreement dated May 7, 2012 (the “**Precedent Agreement**”) and an associated firm transportation contract, M12225, of even date (the “**M12225 Contract**”), for transportation service, as defined therein, on Union’s pipeline system;

AND WHEREAS pursuant to the Precedent Agreement, Expansion Facilities, as defined therein, must be constructed in order to enable Union to provide the required transportation service for Shipper and potentially other Open Season Shippers by the Commencement Date, as set out in the M12225 Contract;

AND WHEREAS the conditions precedent for the benefit of Shipper outlined in Article XXI, Section 2 of Schedule “A2010” of the M12225 Contract and Section 3.2 of the Precedent Agreement (the “**Shipper Conditions**”) must be satisfied or waived by Shipper prior to the applicable date(s) provided in the M12225 Contract and the Precedent Agreement, as applicable, (each date a “**Shipper Conditions Precedent Date**”);

AND WHEREAS the M12225 Contract and Precedent Agreement provide for certain conditions precedent for the benefit of Union;

AND WHEREAS Shipper has agreed to financially indemnify Union, subject to certain limitations as provided herein, for any and all Pre-Service Costs, as defined hereinafter;

THIS CONTRACT WITNESSETH that in consideration of the foregoing and mutual covenants herein contained, the parties hereto agree as follows:

1. DEFINITIONS

“Cancelled Facilities” means; (i) that portion of the Expansion Facilities not built as a result of Union’s decision pursuant to the provisions of Subsection 3.a. herein; or (ii) one hundred (100) percent of the Expansion Facilities not built as a result of Union’s inability to meet or waive any of the conditions precedent as outlined in Subsection 3.b. herein.

“Contractually Obligated” means, for any Pre-Service Costs that Union is obligated to pay, Pre-Service Costs in respect of which Union has entered into a contract in writing.

“Indemnity Date” means June 30, 2012.

“Good Engineering and Operating Practices” means any of the practices, methods and activities, consistent with Laws and Regulations, adopted by Union when constructing facilities similar to the Expansion Facilities.

“Laws and Regulations” means:

- a. applicable federal, provincial or municipal laws, orders-in-council, by-laws, codes, rules, policies, regulations and statutes;
- b. applicable orders, decisions, codes, judgments, injunctions, decrees, awards and writs of any court, tribunal, arbitrator, governmental authority or other person having jurisdiction;
- c. applicable rulings and conditions of any licence, permit, certificate, registration, authorization, consent and approval issued by the Crown, any federal, provincial, or municipal government, parliament or legislature, or any regulatory authority, agency, tribunal, commission, board or department of any such government, parliament or legislature, or any court or other law, regulation or rule-making entity, having jurisdiction in the relevant circumstances;
- d. any requirements under or prescribed by applicable common law; and
- e. any codes issued by the Ontario Energy Board.

“Pre-Service Costs” shall mean Union’s reasonable costs, consistent with Good Engineering and Operating Practices, incurred by Union, or which have accrued to or will accrue to Union, or which have been allocated to or which will be allocated to Union, or for which Union is Contractually Obligated to pay, which are incurred on or after the Indemnity Date, in conjunction with its efforts to develop and construct the Expansion Facilities. Pre-Service Costs shall include, but shall not be limited to, those expenditures and/or costs (including cancellation costs, carrying costs, third party claims and litigation costs), incurred by Union, or which have accrued to or will accrue to Union, or which have been allocated to or which will be allocated to Union, or for which Union is Contractually Obligated to pay, associated with engineering, construction, materials and equipment, environmental, the obtaining of land rights, regulatory, and/or legal activities, interest during construction and any other costs, expenses, losses, demands, damages and obligations incurred in furtherance of Union’s efforts to develop and construct the Expansion Facilities; *provided however*, that Pre-Service Costs for the Parkway West Project Facilities component of the Expansion Facilities shall only include all costs incurred by Union that are

necessary for a full and complete Ontario Energy Board facilities filing and approvals related to the Parkway West Project Facilities, including without limitation, detailed compressor package engineering, acquisition of land or options for land, engineering design, detailed costing, environmental reviews, site permitting, re-zoning and all regulatory costs, including any appeals Union deems necessary, in its sole discretion. The Pre-Service Costs for the Parkway West Project Facilities component of the Expansion Facilities specifically exclude compressor ordering or cancellation, materials ordering and primary contractor commitments.

2. CONSTRUCTION

Unless the context requires otherwise: (a) any capitalized term used herein not specifically defined shall have the definition given to it in the Precedent Agreement or the M12225 Contract; (b) the gender (or lack of gender) of all words used in this Financial Backstopping Agreement includes the masculine and feminine; (c) the singular form of nouns, pronouns and verbs shall include the plural and vice versa; (d) "shall" and "will" have equal force and effect; (e) the words "include," "including," or "includes" shall be read to be followed by the words "without limitation" or words having similar import; and (f) the word "or" will have the inclusive meaning represented by the phrase "and/or".

3. TERMS

- a. **Partial Facilities or Cancelled Facilities, with Precedent Agreement Terminated:** Subject to Subsection 3.c., if Shipper fails to satisfy or waive any Shipper Conditions by the associated Shipper Conditions Precedent Date and the Precedent Agreement is terminated in accordance with the terms thereof, and Union, based on such Shipper's failure, has decided to:
- i. cancel the development and construction of all of the Expansion Facilities; or
 - ii. cancel the development and construction of a portion of the Expansion Facilities,
then such Shipper shall reimburse Union for the Pre-Service Costs pertaining to the Cancelled Facilities.

In addition, in the event that Union has decided to:

- i. cancel the development and construction of all of the Expansion Facilities; or
- ii. cancel the development and construction of a portion of the Expansion Facilities,
based on Shipper's failure to satisfy or waive any Shipper Conditions by the associated Shipper Conditions Precedent Date and the Precedent Agreement is terminated in accordance with the terms thereof AND the similar failure of any other Open Season Shippers to satisfy or waive their shipper conditions by the associated shipper conditions precedent date; then, provided Shipper has been treated no less advantageously than any other Open Season Shipper, Shipper shall reimburse Union for Shipper's proportionate share (as prorated based on initial contract demand among the other Open Season Shippers who failed to satisfy or waive their shipper conditions by the associated shipper conditions precedent date and whose transportation services would have required the

development and construction of the Cancelled Facilities) of Pre-Service Costs pertaining to the Cancelled Facilities.

b. **Union Unable to Meet or Waive Conditions Precedent, with Precedent Agreement Terminated:** Subject to Subsection 3.c., if Union, acting in a commercially reasonable manner:

- i. fails to satisfy or waive any of the conditions precedent for its benefit in Article XXI, Section 1 of Schedule "A2010" of the M12225 Contract and the Precedent Agreement is terminated in accordance with the terms thereof;
- ii. fails to satisfy or waive the condition precedent for its benefit set out in Subsection 3.1(a) or Subsection 3.1(b) in the Precedent Agreement, and the Precedent Agreement is terminated in accordance with the terms thereof; or
- iii. terminates the Precedent Agreement pursuant to Section 4.0 of the Precedent Agreement,

then Shipper shall reimburse Union for Shipper's proportionate share (as prorated based on initial contract demand among all Open Season Shippers whose transportation services would have required the development and construction of the Cancelled Facilities) of Pre-Service Costs.

- c. **Union Obligation to Minimize Pre-Service Costs:** Union shall use commercially reasonable efforts to minimize all Pre-Service Costs payable by Shipper to Union, including without limitation, mitigating costs by soliciting one or more replacement customers for excess transportation services if applicable.

4. FINANCIAL ASSURANCES

Subject to the terms and conditions hereinafter, Union may request, from time to time, and Shipper shall provide to Union, the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of this Financial Backstopping Agreement in the form and amount reasonably required by Union (the "**FBA Financial Assurances**"). The FBA Financial Assurances, if required, will be as determined solely by Union. As at the date written above, Union has determined that no FBA Financial Assurances are required at this time; however, in the event that Shipper experiences one or more of the following events, each such event a "**Material Event**";

- a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,
- b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,
- c. Shipper ceases to be rated by a nationally recognized agency; or,
- d. Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall, within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). The Security shall not exceed the then current Projected Pre-Service Costs Estimate. Shipper represents and warrants that the financial assurances (including the FBA Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any changes to the financial assurances provided hereunder, throughout the term hereof.

5. INVOICING PROCESS

Upon final determination by Union of any amounts owing by Shipper under this Financial Backstopping Agreement, Union shall provide an invoice to Shipper, with sufficient supporting evidence, reasonably satisfactory to Shipper, justifying the invoiced amount, including a detailed breakdown of each of the individual amounts or items comprising such sum and demonstrating to the satisfaction of Shipper, acting reasonably, that all such amounts and items pertain directly to, or were incurred directly in connection with, the Cancelled Facilities, and Shipper shall pay such amounts within fifteen (15) days following Shipper's receipt of any invoices. Shipper acknowledges and understands that the final determination of any amounts owing by Shipper might not be capable of determination until such time as the Expansion Facilities are completed and placed into service. If Shipper fails to pay any invoice in full within the time herein required, interest on the unpaid portion shall accrue from the date such payment is first overdue until payment is made at a rate of interest equal to an effective monthly interest rate of 1.5%, compounded monthly, for an effective annual interest rate of 19.56%, and such interest shall be immediately due and payable.

6. TERMINATION OF AGREEMENT

This Financial Backstopping Agreement shall terminate on the date that the Expansion Facilities are placed into service; provided however, that any rights or remedies that a party may have for breaches of this Financial Backstopping Agreement prior to such termination and any liability a party may have incurred pursuant to the Financial Backstopping Agreement before such termination shall not thereby be released.

7. ESTIMATE OF PRE-SERVICE COSTS

Shipper acknowledges that it has been provided an initial estimate for the Pre-Service Costs after mitigation (the "**Estimated Pre-Service Costs**") and that the initial estimate is attached at Schedule I. Union shall provide an update of the Estimated Pre-Service Costs on a monthly basis beginning at February 1, 2013 in a form similar to Schedule I. Shipper and Union acknowledge and agree that the Estimated Pre-Service Costs are estimates provided for information purposes only and that to the extent Shipper's liability pursuant to this Financial Backstopping Agreement is greater than or less than any Estimated Pre-Service Costs, Shipper shall be obligated to pay its share of Pre-Service Costs as calculated pursuant to the provisions of this Financial Backstopping Agreement.

8. MISCELLANEOUS

- a. The parties hereto shall not assign this Financial Backstopping Agreement without the prior written consent of the other party, which shall not be unreasonably withheld. This Financial Backstopping Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their permitted successors and assigns. In no event will the assignment of this Financial


Backstopping Agreement be permitted unless the Precedent Agreement and M12225 Contract are also assigned to the same permitted assignee.

- b. This Financial Backstopping Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and each of the parties shall attorn to the exclusive jurisdiction of the courts of the Province of Ontario.
- c. This Financial Backstopping Agreement was negotiated and prepared by both parties with the advice and participation of counsel. The parties have agreed to the wording of this Financial Backstopping Agreement and none of the provisions hereof shall be construed against one party on the ground that such party is the author of this Financial Backstopping Agreement or any part hereof.
- d. The recitals and representations appearing first above are hereby incorporated in and made a part of this Financial Backstopping Agreement.
- e. This Financial Backstopping Agreement may be executed in multiple counterparts (including by means of facsimile or electronic signature pages), each of which shall be deemed an original and all of which shall constitute one and the same instrument.
- f. A waiver of any default, breach of non-compliance under this Financial Backstopping Agreement is not effective unless in writing and signed by the party to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a party in respect of any default, breach, non-observance or by anything done or omitted to be done by the other party. The waiver by a party of any default, breach or non-compliance under this Financial Backstopping Agreement shall not operate as a waiver of the party's rights under this Financial Backstopping Agreement in respect of any continuing or subsequent default, breach or non-compliance (whether of the same or any other nature).
- g. This Financial Backstopping Agreement, the Precedent Agreement and the M12225 Contract reflect the whole and entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings among the parties with respect to the subject matter hereof.
- h. For the period this Financial Backstopping Agreement is in effect, in the event of any conflict between the provisions of this Financial Backstopping Agreement and the main body of the Precedent Agreement and/or the M12225 Contract, the provisions of this Financial Backstopping Agreement shall prevail over the main body of the Precedent Agreement and the M12225 Contract.

[signature page follows]

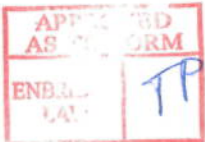
IN WITNESS WHEREOF this Financial Backstopping Agreement has been properly executed by the parties hereto by their duly authorized officers effective as of the date first above written.

UNION GAS LIMITED

By: 
Authorized Signatory **Mark J. Isherwood**
Vice-President, Business Development, Storage & Transmission

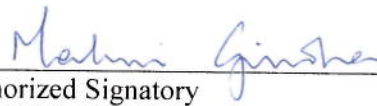
Execution Date: Feb 14, 2013

ENBRIDGE GAS DISTRIBUTION INC.



By: 
Authorized Signatory **D. Guy Jarvis**
President

Execution Date: Jan 28, 2013

By: 
Authorized Signatory **Malini Giridhar**
Vice President, Gas Supply

Execution Date: Jan 28, 2013

Schedule 1

Initial Estimated Pre-Service Costs for Enbridge Gas Distribution Inc.

March 31, 2013	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities			Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	GTA Measurement	
Compressor Engine Package	-	-	-	-	-	-
Engineering & Consultants	\$0.6	\$0.3	\$0.2	0.3	-	\$1.4
Land & Easements	-	\$0.4	-	-	-	\$0.4
Contingency/IDC	-	\$0.1	-	0.1	-	\$0.2
Total	\$0.6	\$0.8	\$0.2	\$0.4	\$0.0	\$2.0

June 30, 2013	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities			Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	GTA Measurement	
Compressor Engine Package	-	-	-	-	-	-
Engineering & Consultants	\$0.7	\$0.4	\$0.5	\$0.3	-	\$1.9
Land & Easements	-	\$0.4	-	\$0.1	-	\$0.5
Contingency/IDC	-	\$0.1	-	\$0.1	-	\$0.2
Total	\$0.7	\$0.9	\$0.5	\$0.5	\$0.0	\$2.6

Union's Conditions Precedent Date*	Parkway West Project Facilities		Dawn-Parkway Expansion Facilities			Total
	LCU	Second Feed and Site Development	Parkway 'D'	Brantford-Kirkwall	GTA Measurement	
Compressor Engine Package	-	-	\$0.3	-	-	\$0.3
Engineering & Consultants	\$1.0	\$0.6	\$0.9	\$0.4	-	\$2.9
Land & Easements	-	\$1.7	-	\$0.1	-	\$1.8
Contingency/IDC	-	\$0.1	\$0.1	\$0.1	-	\$0.3
Total	\$1.0	\$2.4	\$1.3	\$0.6	\$0.0	\$5.3

*Note: Union's internal approval Conditions Precedent Date for the Parkway West Project Facilities is September 30, 2013 and for Dawn-Parkway Expansion Facilities is October 31, 2013.

Cost Mitigation Assumptions:

1. Mitigation assumes recovery or salvage of spent costs in the following percentages:
 - a. Compressor Engine Package – 50%
 - b. Station Equipment – 25%
 - c. Other Materials
 - i. Materials (Pipes, Valves, Fittings) – 65%
 - ii. Buildings – 50%
 - iii. Miscellaneous Materials – 50%
 - d. Engineering & Consultants – 0%
 - e. Land – 80%
 - f. Contingency / IDC – 0%
2. Costs assume ordering new compressors for the Parkway West Project Facilities and Dawn-Parkway Expansion Facilities in October 2013 based on current Rolls Royce requirements to achieve delivery to meet November 1, 2015 in-service.

Notes:

1. The above table provides Enbridge's share of the Parkway West Project Facilities (which is 50% of Pre-Service Costs).
2. The above table provides Enbridge's share of the Dawn-Parkway Expansion Facilities (which is 50.4% of the Pre-Service Costs (shared prorata among Open Season Shippers whose transportation service requires the development and construction of the Dawn-Parkway Expansion Facilities)).
3. Union has incurred costs prior to the Indemnity Date of June 30, 2012 of approximately \$1.3 million.