

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement together with the short form base shelf prospectus dated March 18, 2016 to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference into the short form base shelf prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Neither the Series 12 First Preferred Shares (as defined herein) nor the Series 13 First Preferred Shares (as defined herein) have been or will be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. The Series 12 First Preferred Shares are being sold only outside the United States to non-U.S. Persons (as those terms are defined under Regulation S under the U.S. Securities Act) and may not be reoffered, resold, pledged or otherwise transferred in the United States or to U.S. Persons. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus to which it relates, as amended or supplemented, from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Westcoast Energy Inc., 5400 Westheimer Court, Houston, Texas 77056 (telephone (713) 627-4113) and are also available electronically at www.sedar.com.

PROSPECTUS SUPPLEMENT

(to a Short Form Base Shelf Prospectus dated March 18, 2016)

New Issue

August 23, 2016

WESTCOAST ENERGY INC.

\$300,000,000
(12,000,000 shares)

Cumulative Five-Year Minimum Rate Reset Redeemable First Preferred Shares, Series 12

Westcoast Energy Inc. (the "**Corporation**") is hereby qualifying for distribution 12,000,000 cumulative five-year minimum rate reset redeemable first preferred shares, Series 12 of the Corporation (the "**Series 12 First Preferred Shares**") at a price of \$25.00 per Series 12 First Preferred Share. See "*Plan of Distribution*".

The holders of the Series 12 First Preferred Shares shall be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the board of directors of the Corporation (the "**Board of Directors**"), out of the moneys of the Corporation properly applicable to the payment of dividends. The dividends are expected to be paid at the rate of \$1.3000 per share per annum, payable by quarterly installments on the 15th day of January, April, July and October in each year, for the Initial Fixed Rate Period (as defined herein) from and including the date of issue of the Series 12 First Preferred Shares to but excluding October 15, 2021. If any such date is not a Business Day (as defined herein), the dividend will be paid on the next succeeding Business Day. Assuming an issue date of August 30, 2016, the first dividend, if declared, will be payable on October 15, 2016 in the amount of \$0.1638 per share.

For every five-year period after the Initial Fixed Rate Period (each, a "**Subsequent Fixed Rate Period**"), the holders of the Series 12 First Preferred Shares shall be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends. The dividends will be payable by quarterly installments on the 15th day of January, April, July and October in each year, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate (as defined herein) for such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for each ensuing Subsequent Fixed Rate Period will be determined by the Corporation on the Fixed Rate Calculation Date (as defined herein) and will be equal to the sum of the Government of Canada Yield (as defined herein) on the applicable Fixed Rate Calculation Date plus a spread of 4.52% (the "**Spread**"), provided that, in any event, such rate shall not be less than 5.20 %. This Spread will apply to both the Series 12 First Preferred Shares and the Series 13 First Preferred Shares described below, and will remain unchanged over the life of the Series 12 First Preferred Shares and the Series 13 First Preferred Shares. See "*Details of the Offering*".

The Corporation may not redeem the Series 12 First Preferred Shares prior to October 15, 2021. On October 15, 2021, and on October 15 in every fifth year thereafter, the Corporation may, on at least 30 days' notice, redeem at any time the whole or from time to time any part of the then outstanding Series 12 First Preferred Shares on payment for each share to be redeemed of \$25.00 together with an amount equal to all accrued and unpaid dividends thereon up to but excluding the date of redemption. See "*Details of the Offering*".

Option to Convert Into Series 13 First Preferred Shares

The holders of the Series 12 First Preferred Shares will have the right to convert their shares into cumulative floating rate redeemable first preferred shares, Series 13 of the Corporation (the “**Series 13 First Preferred Shares**”), subject to certain conditions, on October 15, 2021, and on October 15 every five years thereafter. The holders of the Series 13 First Preferred Shares shall be entitled to receive cumulative preferential cash dividends, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends. The dividends will be payable on the 15th day of January, April, July, and October in each year (each such quarterly dividend period is referred to as a “**Quarterly Floating Rate Period**”) in the amount per share per annum determined by multiplying the Floating Quarterly Dividend Rate (as defined herein) for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year. If any such date is not a Business Day, the dividend will be paid on the next succeeding Business Day. The Floating Quarterly Dividend Rate will be the annual rate of interest equal to the sum of the T-Bill Rate (as defined herein) on the applicable Floating Rate Calculation Date (as defined herein) and 4.52%. See “*Details of the Offering*”.

The Series 12 First Preferred Shares and Series 13 First Preferred Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 12 First Preferred Shares and Series 13 First Preferred Shares are identical in all material respects.

Price: \$25.00 per Series 12 First Preferred Share to initially yield 5.20% per annum

	Price to the Public ⁽¹⁾	Underwriters’ Fee ⁽²⁾	Proceeds to the Corporation ⁽³⁾
Per Series 12 First Preferred Share.....	\$25.00	\$0.75	\$24.25
Total	\$300,000,000	\$9,000,000	\$291,000,000

Notes:

- (1) The offering price was determined by negotiation between the Corporation and the Underwriters (as defined below).
- (2) The Underwriters’ fee for the Series 12 First Preferred Shares is 1.0% for each such share sold to certain institutions by the closing of the offering and 3.0% for all other Series 12 First Preferred Shares purchased by the Underwriters (the “**Underwriters’ Fee**”). The Underwriters’ Fee indicated in the table assumes that no Series 12 First Preferred Shares are sold to such institutions.
- (3) Before deducting the estimated expenses of the offering of approximately \$500,000. The expenses of the offering will be paid from the general funds of the Corporation.

TD Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and National Bank Financial Inc. (collectively, the “**Underwriters**”), as principals, conditionally offer the Series 12 First Preferred Shares, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to the approval of certain legal matters on behalf of the Corporation by Goodmans LLP and on behalf of the Underwriters by Bennett Jones LLP.

Subject to applicable laws, the Underwriters may, in connection with the offering, over-allot or effect transactions which stabilize or maintain the market price of the Series 12 First Preferred Shares at levels other than those which might otherwise prevail on the open market. **The Underwriters propose to offer the Series 12 First Preferred Shares initially at the offering price specified above. After a reasonable effort has been made to sell all of the Series 12 First Preferred Shares at the price specified, the Underwriters may reduce the selling price to investors from time to time in order to sell any of the Series 12 First Preferred Shares remaining unsold. Any such reduction will not affect the proceeds received by the Corporation. See “*Plan of Distribution*”.**

Subscriptions for Series 12 First Preferred Shares will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. A book-entry only certificate representing the Series 12 First Preferred Shares distributed hereunder will be issued in registered

form only to CDS Clearing and Depository Services Inc. (“CDS”) or its nominee and will be deposited with CDS following the closing date of the offering (the “**Offering Closing Date**”). The Corporation understands that a purchaser of Series 12 First Preferred Shares will receive only a customer confirmation from the registered dealer which is a CDS participant and from or through which Series 12 First Preferred Shares are purchased. See “*Depository Services*”.

There is no market through which the Series 12 First Preferred Shares may be sold and purchasers may not be able to resell Series 12 First Preferred Shares purchased under this prospectus supplement. This may affect the pricing of the Series 12 First Preferred Shares in the secondary market (if any), the transparency and availability of trading prices, the liquidity of the Series 12 First Preferred Shares and the extent of issuer regulation. A prospective investor should be aware that the purchase of Series 12 First Preferred Shares involves certain risks and may have tax consequences both in Canada and the United States. See “*Risk Factors*” and “*Certain Canadian Federal Income Tax Considerations*”.

Application has been made to list the Series 12 First Preferred Shares and Series 13 First Preferred Shares on the Toronto Stock Exchange (the “TSX”). Listing will be subject to the Corporation fulfilling all the applicable listing requirements of the TSX including distribution of these securities to a minimum number of public securityholders.

It is currently anticipated that the Offering Closing Date will be on or about August 30, 2016, or such later date as the Corporation and the Underwriters may agree but in any event not later than September 16, 2016. See “*Plan of Distribution*”.

The address of the head and registered office of the Corporation is Suite 1100, 1055 West Georgia Street, Vancouver, BC, V6E 3R5.

All dollar amounts set forth in this prospectus supplement are in Canadian dollars, except where otherwise indicated.

Under applicable securities laws, the Corporation may be considered to be a connected issuer of four of the Underwriters, TD Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc. and Scotia Capital Inc. as each are directly or indirectly wholly-owned or majority-owned subsidiaries of Canadian chartered banks or financial institutions which have extended credit facilities to the Corporation upon which the Corporation may draw from time to time. The net proceeds from this offering may be used to reduce the Corporation’s indebtedness to such lenders. See “*Relationship Between the Corporation’s Lenders and the Underwriters*” and “*Use of Proceeds*”.

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Investors in the offering of Series 12 First Preferred Shares should rely only on the information contained in or incorporated by reference in this prospectus supplement (the “prospectus supplement”) and the accompanying short form base shelf prospectus of the Corporation dated March 18, 2016. The Corporation has not authorized anyone to provide investors with different information. Investors should not assume that the information contained in this prospectus supplement or the accompanying base shelf prospectus is accurate as of any date other than the date on the front of this prospectus supplement. This document may only be used where it is legal to sell these securities.

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS

This document is in two parts. The first is the prospectus supplement, which describes the specific terms of the Series 12 First Preferred Shares. The second part, the accompanying base shelf prospectus, gives more general information, some of which may not apply to the Series 12 First Preferred Shares. Generally, the term “prospectus” refers to both parts combined.

If the description of the Series 12 First Preferred Shares varies between this prospectus supplement and the accompanying base shelf prospectus, investors should rely on the information in this prospectus supplement.

FORWARD-LOOKING STATEMENTS

Forward-looking information, or forward-looking statements, have been included in this prospectus supplement, the accompanying base shelf prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying base shelf prospectus to provide readers with information about the Corporation and its subsidiaries, including management’s assessment of the Corporation’s and its subsidiaries’ future plans and operations. This information may not be appropriate for other purposes. Forward-looking statements are based on management’s intentions, plans, expectations, assumptions and beliefs about future events. Forward-looking statements are typically identified by words such as “anticipate”, “expect”, “project”, “estimate”, “forecast”, “plan”, “intend”, “target”, “believe”, “continue”, “should”, “could”, “may”, “predict”, “will”, “potential”, “likely” and similar words suggesting future outcomes or statements regarding an outlook. Such information is included, among other places, in this prospectus supplement under the headings “*Plan of Distribution*”, “*Use of Proceeds*” and “*Risk Factors*”, in the annual information form for the year ended December 31, 2015 under the headings “*Description of our Business*” and “*Risk Factors*” and in the management’s discussion and analysis of financial condition and results of operations for the years ended December 31, 2015 and 2014 and the management’s discussion and analysis of the financial condition and results of operations for the three and six months ended June 30, 2016 and 2015, each of which documents is incorporated by reference in this prospectus supplement. Although the Corporation believes that these forward-looking statements are reasonable based on the information available on the date such statements are made and the 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 used to develop these forward-looking statements include assumptions about: the supply of and demand for natural gas and natural gas liquids (“NGLs”); prices of natural gas and NGLs, storage of natural gas and NGLs; expected foreign exchange rates; inflation; interest rates; the results and costs of financing efforts; expected future cash flows; expected earnings/(losses); expected costs relating to projects under construction; expected capital expenditures; estimated future dividends; expected costs related to remediation and potential insurance recoveries; the availability and price of labor and pipeline construction materials; operational reliability; the ability to successfully complete merger, acquisition or divestiture plans; anticipated in-service dates and weather.

The Corporation’s forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside the Corporation’s control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. The impact of any one risk, uncertainty or factor, including but not limited to those risks and uncertainties discussed in this prospectus supplement, the accompanying base shelf prospectus and in documents incorporated by reference into this prospectus supplement

and in the Corporation's other filings with Canadian securities regulatory authorities, on a particular forward-looking statement is not determinable with certainty as these are interdependent and the Corporation's future course of action depends on management's assessment of all information available at the relevant time. Factors used to develop these forward-looking statements and that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to:

- local, provincial and federal legislative and regulatory initiatives that affect cost and investment recovery, have an effect on rate structure, and affect the speed at and degree to which competition enters the natural gas industries;
- outcomes of litigation and regulatory investigations, proceedings or inquiries;
- weather and other natural phenomena, including the economic, operational and other effects of storms;
- the timing and extent of changes in commodity prices, interest rates and exchange rates;
- general economic conditions, including the risk of a prolonged economic slowdown or decline, or the risk of delay in a recovery, which can affect the long-term demand for natural gas and related services;
- potential effects arising from terrorist attacks and any consequential or other hostilities;
- changes in environmental, safety and other laws and regulations;
- changes in tax law and tax rate increases;
- the development of alternative energy resources;
- results and costs of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings and general market and economic conditions;
- increases in the cost of goods and services required to complete capital projects;
- declines in the market prices of equity and debt securities and resulting funding requirements for defined benefit pension plans;
- growth in opportunities, including the timing and success of efforts to develop pipeline, storage, gathering, processing and other related infrastructure projects and the effects of competition;
- the performance of natural gas transmission and storage, distribution, and gathering and processing facilities;
- sensitivity to variances in the commodity measurement process;
- the extent of success in connecting natural gas supplies to gathering, processing and transmission systems and in connecting to expanding gas markets;
- the effects of accounting pronouncements issued periodically by accounting standard-setting bodies;
- conditions of the capital markets during the periods covered by forward-looking statements; and
- the ability to successfully complete merger, acquisition or divestiture plans; regulatory or other limitations imposed as a result of a merger, acquisition or divestiture; and the success of the business following a merger, acquisition or divestiture.

In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than the Corporation has

described. The Corporation undertakes no obligation to publicly update or revise any forward-looking statements made in this prospectus supplement or otherwise, whether as a result of new information, future events or otherwise, except as required by applicable securities law. All subsequent forward-looking statements, whether written or oral, attributable to the Corporation or persons acting on the Corporation's behalf, are expressly qualified in their entirety by these cautionary statements.

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference in the accompanying base shelf prospectus solely for the purpose of the offering of Series 12 First Preferred Shares hereunder. The following documents of the Corporation, filed with the securities commission or similar authority in each of the provinces of Canada, are specifically incorporated by reference in, and form an integral part of, this prospectus supplement 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 prospectus supplement or in any other subsequently filed document that is also incorporated by reference in this prospectus supplement:

- (a) annual information form for the year ended December 31, 2015 dated March 3, 2016;
- (b) consolidated financial statements and the notes thereto of the Corporation as at and for the years ended December 31, 2015 and 2014 and the independent auditor's report thereon, and the earnings coverage ratio filed as an exhibit thereto;
- (c) management's discussion and analysis of the financial condition and results of operations for the years ended December 31, 2015 and 2014;
- (d) unaudited condensed consolidated interim financial statements and the notes thereto as at June 30, 2016 and for the three and six months ended June 30, 2016 and 2015, and the earnings coverage ratio filed as an exhibit thereto;
- (e) management's discussion and analysis of the financial condition and results of operations for the three and six months ended June 30, 2016 and 2015; and
- (f) the template version (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements* (“**NI 41-101**”)) of the term sheet for the offering of Series 12 First Preferred Shares dated August 22, 2016 (the “**Term Sheet**”).

Any documents of the type described in section 11.1 of Form 44-101F1 – *Short Form Prospectus*, if filed by the Corporation after the date of this prospectus supplement and before the termination of the distribution, are deemed to be incorporated by reference in this prospectus supplement. These documents will be available through the internet on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) which can be accessed at www.sedar.com.

Any statement contained in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this prospectus supplement, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this prospectus supplement.

MARKETING MATERIALS

The Term Sheet does not form part of this prospectus supplement to the extent that the contents thereof have been modified or superseded by a statement contained in this prospectus supplement. The Term Sheet has been filed with the securities commissions or similar authorities in each of the provinces of Canada and can be viewed under the Corporation's profile at www.sedar.com. In addition, a template version of any other marketing materials (as such term is defined in NI 41-101) filed with the securities commission or similar authority in each of the provinces of Canada in connection with the offering of Series 12 First Preferred Shares after the date hereof but prior to the termination of the distribution of the securities under this prospectus supplement is deemed to be incorporated by reference herein.

THE CORPORATION

The Corporation is an integrated natural gas and NGL company comprised of gathering, processing, transmission, storage and distribution assets located in Canada. The business of the Corporation is organized into two reportable business segments: Transmission & Processing and Distribution. The remainder of the Corporation's business operations, described as "Other," consists of a wholly owned captive insurance subsidiary.

Transmission & Processing provides transmission of natural gas, natural gas gathering and processing services to customers in western Canada, U.S Pacific Northwest and the Maritime Provinces in Canada. This segment conducts business mostly through BC Pipeline, BC Field Services, Maritimes and Northeast Pipeline Limited Partnership ("**M&N Canada**"), and the Midstream business. It also owned the Empress NGL business until its disposition on August 4, 2016. The BC Pipeline, BC Field Services and M&N Canada are primarily subject to the rules and regulations of the National Energy Board.

Distribution provides retail natural gas distribution service in Ontario, as well as natural gas transmission and storage services to other utilities and energy market participants. These services are provided by Union Gas Limited ("**Union Gas**"), and are primarily subject to the rules and regulations of the Ontario Energy Board.

The Corporation was originally incorporated by *Special Act of the Parliament of Canada* in 1949. The Corporation is an indirect wholly-owned subsidiary of Spectra Energy Corp. ("**Spectra Energy**"), a Delaware corporation that is a public company in the United States. The 5.50% cumulative first preferred shares, series 7 of the Corporation (the "**Series 7 First Preferred Shares**") the 5.60% cumulative first preferred shares, series 8 of the Corporation (the "**Series 8 First Preferred Shares**") and the cumulative five-year minimum rate reset first preferred shares, series 10 (the "**Series 10 First Preferred Shares**") are publicly traded through the facilities of the TSX.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the share or loan capital of the Corporation on a consolidated basis since June 30, 2016. After giving effect to the net commercial paper issuance of \$22 million and the use of proceeds discussed herein, assuming the net proceeds of the offering are initially used to reduce outstanding indebtedness, the loan capital of the Corporation will be decreased by approximately \$ 269 million (assuming no institutional sales of Series 12 First Preferred Shares). The following table sets forth the consolidated share capital of the Corporation as at June 30, 2016, both before and after giving effect to the offering.

	Authorized	Outstanding as at June 30, 2016, before giving effect to the offering	Outstanding as at June 30, 2016, after giving effect to the offering ⁽¹⁾
Common shares ⁽²⁾	Unlimited	135,759,108	135,759,108
First preferred shares	Unlimited	16,600,000 ⁽³⁾	28,600,000
Second preferred shares ⁽⁴⁾	Unlimited	250,000	250,000
Class A preferred shares ⁽⁵⁾	202,072	187,172	187,172
Class B preferred shares ⁽⁶⁾	Unlimited	4,000,000	4,000,000

Notes:

- (1) The Corporation will have 28,600,000 First Preferred Shares (as defined herein) outstanding as at June 30, 2016, after giving effect to the offering, based on the issuance of 12,000,000 Series 12 First Preferred Shares pursuant to the offering for gross proceeds of \$300,000,000. See “*Use of Proceeds*”.
- (2) All common shares of the Corporation (“**Common Shares**”) are held indirectly by Spectra Energy.
- (3) Consisting of 6,000,000 Series 7 First Preferred Shares, 6,000,000 Series 8 First Preferred Shares and 4,600,000 Series 10 First Preferred Shares.
- (4) Consisting of 50,000 6.75% cumulative redeemable retractable second preferred shares, series B and 200,000 5.00% cumulative redeemable retractable second preferred shares, series C.
- (5) Consisting of the following shares of Union Gas: (i) 47,672 5.50% cumulative redeemable preferred shares, class A, series A; (ii) 90,000 6.00% cumulative redeemable preferred shares, class A, series B; and (iii) 49,500 5.00% cumulative redeemable preferred shares, class A, series C.
- (6) Consisting of 4.88% cumulative redeemable convertible preferred stock, class B, series 10 of Union Gas.

PRIOR SALES

Other than the issuance of 4,600,000 Series 10 First Preferred Shares on December 15, 2015, the Corporation has not sold or issued any First Preferred Shares, or securities convertible into First Preferred Shares, during the 12-month period ending prior to the date of this prospectus supplement.

DESCRIPTION OF FIRST PREFERRED SHARES

The following description of the terms of the first preferred shares of the Corporation (“**First Preferred Shares**”) sets forth certain general terms and provisions of the First Preferred Shares as a class. This summary does not purport to be complete and is subject to, and qualified by, reference to the terms of the Corporation’s articles, a copy of which has been filed with the securities commission or similar regulatory authority in each of the provinces of Canada and is available electronically at www.sedar.com. Additional terms and provisions specific to the Series 12 First Preferred Shares and the Series 13 First Preferred Shares are included under the heading “*Details of the Offering*”.

As at the date hereof, the following First Preferred Shares are currently outstanding:

- 6,000,000 Series 7 First Preferred Shares;
- 6,000,000 Series 8 First Preferred Shares; and
- 4,600,000 Series 10 First Preferred Shares.

Issuable in Series

An unlimited number of First Preferred Shares may at any time and from time to time be issued in one or more series. The Board of Directors has the authority to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions to be attached to the shares of each series prior to the issue of the shares of the series.

Priority

The First Preferred Shares shall, with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, be entitled to preference over the second preferred shares of the Corporation (“**Second Preferred Shares**”), Common Shares and over any other shares ranking junior to the First Preferred Shares. The First Preferred Shares of any series may also be given such preference not inconsistent with the articles of the Corporation over the Second Preferred Shares, Common Shares and any other shares ranking junior to the First Preferred Shares.

The First Preferred Shares of each series shall rank on a parity with the First Preferred Shares of every other series with respect to the payment of dividends and the distribution of assets in the event of a liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, provided, however, that in case any dividend or assets are insufficient to pay in full the amount due on all the First Preferred Shares, then such dividend or assets

shall be applied rateably to the First Preferred Shares of all series in the payment of accrued and unpaid cumulative dividends, declared and unpaid non-cumulative dividends, and return of the amount paid up on the issue of the shares plus any premium thereon.

Modification

In addition to any other approval required by the *Canada Business Corporations Act*, the class provisions attaching to the First Preferred Shares may be deleted, varied, modified, amended or amplified in whole or in part only with the written approval of the holders of not less than two-thirds of the then outstanding First Preferred Shares or by the affirmative vote of not less than two-thirds of the votes cast on a poll at a meeting or adjourned meeting of the holders of such shares duly called and held for the purpose. At a meeting of the holders of the First Preferred Shares, as a class or as a series, each holder of First Preferred Shares shall be entitled to one vote in respect of each First Preferred Share held by him or her.

DETAILS OF THE OFFERING

Definition of Terms

The following definitions are relevant to the Series 12 First Preferred Shares and the Series 13 First Preferred Shares.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 4.52 %, provided that, in any event, such rate shall not be less than 5.20%.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR<INDEX> page on that service) for purposes of displaying Government of Canada bond yields.

“**Business Day**” means a day other than a Saturday, a Sunday or any other day that is a national holiday in Canada.

“**Dividend Payment Date**” means January 15, April 15, July 15 or October 15 in any year.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 4.52%.

“**Floating Rate Calculation Date**” means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

“**Government of Canada Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Corporation by two registered Canadian investment dealers selected by the Corporation as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years.

“**Initial Fixed Rate Period**” means the period from and including the date of issue of the Series 12 First Preferred Shares to but excluding October 15, 2021.

“**Quarterly Commencement Date**” means the 15th day of January, April, July or October in each year.

“**Quarterly Floating Rate Period**” means the period from and including a Quarterly Commencement Date to but excluding the next succeeding Quarterly Commencement Date.

“**Series 12 Conversion Date**” means October 15, 2021 and October 15 in every fifth year thereafter.

“**Series 13 Conversion Date**” means October 15, 2026 and October 15 in every fifth year thereafter.

“**Subsequent Fixed Rate Period**” means, for the initial Subsequent Fixed Rate Period, the period from and including October 15, 2021, to but excluding October 15, 2026, and for each succeeding Subsequent Fixed Rate Period means the period from and including the day immediately following the last day of the immediately preceding Subsequent Fixed Rate Period to but excluding October 15 in the fifth year thereafter.

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on three-month Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

Certain Provisions of the Series 12 First Preferred Shares

Issue Price

The Series 12 First Preferred Shares will have an issue price of \$25.00 per share.

Dividends on Series 12 First Preferred Shares

During the Initial Fixed Rate Period, the holders of the Series 12 First Preferred Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at the rate of \$1.3000 per share per annum, payable by quarterly installments on each Dividend Payment Date in each year, except that the first Dividend Payment Date shall be October 15, 2016 and the dividend payable on such date, if declared, shall be \$0.1638 per share, based on the anticipated date of issue of the Series 12 First Preferred Shares on August 30, 2016.

During each Subsequent Fixed Rate Period, the holders of the Series 12 First Preferred Shares shall be entitled to receive fixed cumulative preferential cash dividends and the Corporation shall pay such dividends thereon, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends. The dividends will be payable by quarterly installments on each Dividend Payment Date, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate for such Subsequent Fixed Rate Period by \$25.00.

On each Fixed Rate Calculation Date, the Corporation shall determine the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 12 First Preferred Shares. The Corporation shall, on each Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series 12 First Preferred Shares.

Redemption of Series 12 First Preferred Shares

The Corporation may not redeem the Series 12 First Preferred Shares prior to October 15, 2021. Subject to the provisions described under “*Restrictions on Dividends and Retirement of Shares*”, on October 15, 2021, and on October 15 in every fifth year thereafter, the Corporation may redeem at any time the whole or from time to time any part of the then outstanding Series 12 First Preferred Shares on payment for each share to be redeemed of \$25.00 together with an amount equal to all accrued and unpaid dividends thereon up to but excluding the date of redemption.

Notice of any redemption of Series 12 First Preferred Shares will be given by the Corporation at least 30 days before the date specified for redemption. If part only of the Series 12 First Preferred Shares is to be redeemed, the shares to be redeemed will be selected by lot in such manner as the Corporation in its sole discretion may determine, or if the Corporation so determines may be redeemed *pro rata*, disregarding fractions, or may be selected in such other equitable manner as the Corporation determines.

Conversion of Series 12 First Preferred Shares into Series 13 First Preferred Shares

The Series 12 First Preferred Shares shall not be convertible prior to October 15, 2021. Holders of Series 12 First Preferred Shares shall have the right to convert on each Series 12 Conversion Date, subject to the restrictions on conversion described below, all or any of their Series 12 First Preferred Shares into Series 13 First Preferred Shares on the basis of one Series 13 First Preferred Share for each Series 12 First Preferred Share. Notice of a holder's intention to convert Series 12 First Preferred Shares must be received by the transfer agent and registrar for the Series 12 First Preferred Shares at the principal office of such transfer agent and registrar in Toronto, or at either of its offices in Calgary or Vancouver, not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 12 Conversion Date.

The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 12 Conversion Date, give notice in writing to the then registered holders of the Series 12 First Preferred Shares of the conversion right. On the 30th day prior to each Series 12 Conversion Date, the Corporation shall give notice in writing to the then registered holders of the Series 12 First Preferred Shares of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the next succeeding Quarterly Floating Rate Period.

Holders of Series 12 First Preferred Shares shall not be entitled to convert their shares into Series 13 First Preferred Shares if the Corporation determines that there would remain outstanding on a Series 12 Conversion Date less than 1,000,000 Series 13 First Preferred Shares, after having taken into account all Series 12 First Preferred Shares tendered for conversion into Series 13 First Preferred Shares and all Series 13 First Preferred Shares tendered for conversion into Series 12 First Preferred Shares. The Corporation shall give notice thereof to all affected registered holders of the Series 12 First Preferred Shares at least seven days prior to the applicable Series 12 Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series 12 Conversion Date less than 1,000,000 Series 12 First Preferred Shares, after having taken into account all Series 12 First Preferred Shares tendered for conversion into Series 13 First Preferred Shares and all Series 13 First Preferred Shares tendered for conversion into Series 12 First Preferred Shares, then all of the remaining outstanding Series 12 First Preferred Shares shall be converted automatically into Series 13 First Preferred Shares on the basis of one Series 13 First Preferred Share for each Series 12 First Preferred Share on the applicable Series 12 Conversion Date and the Corporation shall give notice in writing thereof to the registered holders of such remaining Series 12 First Preferred Shares at least seven days prior to the Series 12 Conversion Date.

The Corporation reserves the right not to deliver Series 13 First Preferred Shares to any person that the Corporation or its transfer agent has reason to believe is a person whose address is in, or that the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction.

If the Corporation gives notice to the holders of the Series 12 First Preferred Shares of the redemption of all of the Series 12 First Preferred Shares, then the right of a holder of Series 12 First Preferred Shares to convert such Series 12 First Preferred Shares shall terminate and the Corporation shall not be required to give notice to the registered holders of the Series 12 First Preferred Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series 12 First Preferred Shares.

Purchase for Cancellation

Subject to the provisions described under "*Restrictions on Dividends and Retirement of Shares*", the Corporation may at any time or from time to time purchase for cancellation all or any number of Series 12 First Preferred Shares at any price by an invitation for tenders to all holders of Series 12 First Preferred Shares or through the facilities of any stock exchange on which the Series 12 First Preferred Shares are listed, or in any other manner, provided that in the case of a purchase in any other manner the price for such Series 12 First Preferred Shares so purchased for

cancellation shall not exceed the highest price offered for a board lot of the Series 12 First Preferred Shares on any stock exchange on which such shares are listed on the date of purchase, plus the costs of purchase.

Rights on Liquidation, Dissolution and Winding-up

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series 12 First Preferred Shares shall be entitled to receive from the assets of the Corporation an amount equal to the aggregate of (a) \$25.00 per Series 12 First Preferred Share held by them respectively, plus (b) an amount equal to all dividends, if any, accrued and unpaid thereon up to but excluding the date of distribution, the whole before any amount shall be paid by the Corporation or any assets of the Corporation shall be distributed to holders of the Common Shares of the Corporation, to holders of the Second Preferred Shares of the Corporation or to the holders of any other class of shares of the Corporation ranking junior to the Series 12 First Preferred Shares with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs. After payment to the holders of the Series 12 First Preferred Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

Restrictions on Dividends and Retirement of Shares

So long as any of the Series 12 First Preferred Shares are outstanding, the Corporation shall not at any time without, but may at any time with the approval of the holders of the Series 12 First Preferred Shares and such other approvals as may then be prescribed by applicable law,

- (a) declare, pay or set apart for payment any dividend on the Common Shares, the Second Preferred Shares or shares of any other class of shares of the Corporation ranking junior to the Series 12 First Preferred Shares with respect to priority in the payment of dividends, other than a stock dividend payable in Common Shares, Second Preferred Shares or shares of any other class of shares of the Corporation ranking junior to the Series 12 First Preferred Shares with respect to priority in the payment of dividends; or
- (b) redeem, purchase or otherwise retire or make any capital distribution on or in respect of any Common Shares, Second Preferred Shares or shares of any other class of shares of the Corporation ranking junior to the Series 12 First Preferred Shares with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking junior to the Series 12 First Preferred Shares with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs; or
- (c) redeem, purchase or otherwise retire less than all the Series 12 First Preferred Shares then outstanding; or
- (d) redeem, purchase or otherwise retire any other shares of the Corporation ranking on a parity with the Series 12 First Preferred Shares with respect to the payment of dividends or the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, except in connection with the exercise of any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attached to any such shares,

unless all dividends then payable shall have been declared and paid or set apart for payment in respect of the Series 12 First Preferred Shares, and all dividends then payable on all other shares of the Corporation then issued and

outstanding ranking prior to or on a parity with the Series 12 First Preferred Shares in respect of the payment of dividends shall have been declared and paid or set apart for payment.

Voting Rights

Except as described under “*Approval of Holders of Series 12 First Preferred Shares*”, the holders of the Series 12 First Preferred Shares will not be entitled as such to receive notice of, or to attend, or to vote at, any meeting of the shareholders of the Corporation unless the Corporation shall have failed to pay eight quarterly dividends on the Series 12 First Preferred Shares, whether or not consecutive. In that event and for so long as any of such dividends on such Series 12 First Preferred Shares remain in arrears, the holders of the Series 12 First Preferred Shares will be entitled to receive notice of, and to attend, all meetings of holders of Common Shares of the Corporation and will be entitled to cast one vote thereat for each Series 12 First Preferred Share held.

Tax Election

The Corporation will elect to pay tax at a rate such that no holder of the Series 12 First Preferred Shares will be required to pay tax on dividends received on the Series 12 First Preferred Shares under section 187.2 of Part IV.1 of the *Income Tax Act* (Canada) (the “**Tax Act**”) or any successor or replacement provision of similar effect. See “*Certain Canadian Federal Income Tax Considerations - Dividends*”.

Withholding Tax

Notwithstanding any other term of the Series 12 First Preferred Shares, the Corporation may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to the share terms any amounts required or permitted by law to be deducted or withheld from any such payment, distribution, issuance or delivery and shall remit any such amounts to the relevant tax authority as required. If the cash component of any payment, distribution, issuance or delivery to be made pursuant to the share terms is less than the amount that the Corporation is so required or permitted to deduct or withhold, the Corporation shall be permitted to deduct and withhold from any non-cash payment, distribution, issuance or delivery to be made pursuant to the share terms any amounts required or permitted by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority.

Modification of Series Provisions

The rights, privileges, restrictions and conditions attaching to the Series 12 First Preferred Shares may be deleted, varied, modified, amended or amplified by the Corporation with the approval of the holders of the Series 12 First Preferred Shares as described under “*Approval of Holders of Series 12 First Preferred Shares*”.

Approval of Holders of Series 12 First Preferred Shares

Any approval required to be given at any time by the holders of the Series 12 First Preferred Shares shall be given either in such manner as may then be required by applicable law or, if permitted by applicable law, by an instrument or instruments in writing signed by the holders of not less than two-thirds of the then outstanding Series 12 First Preferred Shares or by resolution passed by not less than two-thirds of the votes cast on a poll at a meeting or adjourned meeting of the holders of the Series 12 First Preferred Shares then outstanding duly called for that purpose. In the event that such approval is to be given at a meeting of the holders of the Series 12 First Preferred Shares, a quorum for the meeting shall consist of the holders, present in person or represented by proxy, of not less than 25% of the Series 12 First Preferred Shares outstanding at the time of the meeting; if, however, the holders of 25% of the outstanding Series 12 First Preferred Shares are not present in person or represented by proxy at such meeting within one-half hour after the time for which the meeting was called, the meeting shall be adjourned to a subsequent date, and a quorum for the adjourned meeting shall consist of two or more persons holding Series 12 First Preferred Shares or representing holders of such shares by proxy.

Business Day

If any day on which any dividend on the Series 12 First Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

Certain Provisions of the Series 13 First Preferred Shares

Issue Price

The Series 13 First Preferred Shares will be issuable only upon conversion of Series 12 First Preferred Shares and will have an ascribed issue price of \$25.00 per share.

Dividends on Series 13 First Preferred Shares

During each Quarterly Floating Rate Period, the holders of the Series 13 First Preferred Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends, cumulative preferential cash dividends payable on each Dividend Payment Date in the amount per share per annum determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year.

On each Floating Rate Calculation Date, the Corporation shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 13 First Preferred Shares. The Corporation shall, on each Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 13 First Preferred Shares.

Redemption of Series 13 First Preferred Shares

The Corporation may not redeem the Series 13 First Preferred Shares prior to October 15, 2026. Subject to the provisions described under “*Restrictions on Dividends and Retirement of Shares*”, on October 15, 2026, and on October 15 in every fifth year thereafter, the Corporation may redeem at any time the whole or from time to time any part of the then outstanding Series 13 First Preferred Shares on payment for each share to be redeemed of \$25.00 together with an amount equal to all accrued and unpaid dividends thereon up to but excluding the date of redemption.

Subject to the provisions described under “*Restrictions on Dividends and Retirement of Shares*”, on any other date after October 15, 2026 that is not a Series 13 Conversion Date, the Corporation may redeem at any time the whole or from time to time any part of the then outstanding Series 13 First Preferred Shares on payment for each share to be redeemed of \$25.50 together with an amount equal to all accrued and unpaid dividends thereon up to but excluding the date of redemption.

Notice of any redemption of Series 13 First Preferred Shares will be given by the Corporation at least 30 days before the date specified for redemption. If part only of the Series 13 First Preferred Shares is to be redeemed, the shares to be redeemed will be selected by lot in such manner as the Corporation in its sole discretion may determine, or if the Corporation so determines may be redeemed *pro rata*, disregarding fractions, or may be selected in such other equitable manner as the Corporation determines.

Conversion of Series 13 First Preferred Shares into Series 12 First Preferred Shares

The Series 13 First Preferred Shares shall not be convertible prior to October 15, 2026. Holders of Series 13 First Preferred Shares shall have the right to convert on each Series 13 Conversion Date, subject to the restrictions on conversion described below, all or any of their Series 13 First Preferred Shares into Series 12 First Preferred Shares on the basis of one Series 12 First Preferred Share for each Series 13 First Preferred Share. Notice of a holder’s intention to convert Series 13 First Preferred Shares must be received by the transfer agent and registrar for the

Series 13 First Preferred Shares at the principal office of such transfer agent and registrar in Toronto, or at either of its offices in Calgary or Vancouver, not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 13 Conversion Date.

The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 13 Conversion Date, give notice in writing to the then registered holders of the Series 13 First Preferred Shares of the conversion right. On the 30th day prior to each Series 13 Conversion Date, the Corporation shall give notice in writing to the then registered holders of the Series 13 First Preferred Shares of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the next succeeding Quarterly Floating Rate Period.

Holders of Series 13 First Preferred Shares shall not be entitled to convert their shares into Series 12 First Preferred Shares if the Corporation determines that there would remain outstanding on a Series 13 Conversion Date less than 1,000,000 Series 12 First Preferred Shares, after having taken into account all Series 13 First Preferred Shares tendered for conversion into Series 12 First Preferred Shares and all Series 12 First Preferred Shares tendered for conversion into Series 13 First Preferred Shares. The Corporation shall give notice thereof to all affected registered holders of the Series 13 First Preferred Shares at least seven days prior to the applicable Series 13 Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series 13 Conversion Date less than 1,000,000 Series 13 First Preferred Shares, after having taken into account all Series 13 First Preferred Shares tendered for conversion into Series 12 First Preferred Shares and all Series 12 First Preferred Shares tendered for conversion into Series 13 First Preferred Shares, then all of the remaining outstanding Series 13 First Preferred Shares shall be converted automatically into Series 12 First Preferred Shares on the basis of one Series 12 First Preferred Share for each Series 13 First Preferred Share on the applicable Series 13 Conversion Date and the Corporation shall give notice in writing thereof to the registered holders of such remaining Series 13 First Preferred Shares at least seven days prior to the Series 13 Conversion Date.

The Corporation reserves the right not to deliver Series 12 First Preferred Shares to any person that the Corporation or its transfer agent has reason to believe is a person whose address is in, or that the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction.

If the Corporation gives notice to the holders of the Series 13 First Preferred Shares of the redemption of all of the Series 13 First Preferred Shares, then the right of a holder of Series 13 First Preferred Shares to convert such Series 13 First Preferred Shares shall terminate and the Corporation shall not be required to give notice to the registered holders of the Series 13 First Preferred Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series 13 First Preferred Shares.

Purchase for Cancellation

Subject to the provisions described under “*Restrictions on Dividends and Retirement of Shares*”, the Corporation may at any time or from time to time purchase for cancellation all or any number of Series 13 First Preferred Shares at any price by an invitation for tenders to all holders of Series 13 First Preferred Shares or through the facilities of any stock exchange on which the Series 13 First Preferred Shares are listed, or in any other manner, provided that in the case of a purchase in any other manner the price for such Series 13 First Preferred Shares so purchased for cancellation shall not exceed the highest price offered for a board lot of the Series 13 First Preferred Shares on any stock exchange on which such shares are listed on the date of purchase, plus the costs of purchase.

Rights on Liquidation, Dissolution or Winding-up

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Series 13 First Preferred Shares shall be entitled to receive from the assets of the Corporation an amount equal to the aggregate of (a) \$25.00 per Series 13 First Preferred Share held by them respectively, plus (b) an amount equal to all dividends, if any, accrued and unpaid thereon up to but excluding the date of distribution, the whole before any amount shall be paid by the Corporation or any assets of the Corporation shall be distributed to holders of the Common Shares of the Corporation, to holders of the Second Preferred Shares of the Corporation or to the holders of any other class of shares of the Corporation ranking junior to the Series 13 First Preferred Shares

with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs. After payment to the holders of the Series 13 First Preferred Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

Restrictions on Dividends and Retirement of Shares

So long as any of the Series 13 First Preferred Shares are outstanding, the Corporation shall not at any time without, but may at any time with the approval of the holders of the Series 13 First Preferred Shares and such other approvals as may then be prescribed by applicable law,

- (a) declare, pay or set apart for payment any dividend on the Common Shares, the Second Preferred Shares or shares of any other class of shares of the Corporation ranking junior to the Series 13 First Preferred Shares with respect to priority in the payment of dividends, other than a stock dividend payable in Common Shares, Second Preferred Shares or shares of any other class of shares of the Corporation ranking junior to the Series 13 First Preferred Shares with respect to priority in the payment of dividends; or
- (b) redeem, purchase or otherwise retire or make any capital distribution on or in respect of any Common Shares, Second Preferred Shares or shares of any other class of shares of the Corporation ranking junior to the Series 13 First Preferred Shares with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking junior to the Series 13 First Preferred Shares with respect to priority in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs; or
- (c) redeem, purchase or otherwise retire less than all of the Series 13 First Preferred Shares then outstanding; or
- (d) redeem, purchase or otherwise retire any other shares of the Corporation ranking on a parity with the Series 13 First Preferred Shares with respect to the payment of dividends or the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, except in connection with the exercise of any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attached to any such shares,

unless all dividends then payable shall have been declared and paid or set apart for payment in respect of the Series 13 First Preferred Shares, and all dividends then payable on all other shares of the Corporation then issued and outstanding ranking prior to or on a parity with the Series 13 First Preferred Shares in respect of the payment of dividends shall have been declared and paid or set apart for payment.

Voting Rights

Except as described under “*Approval of Holders of Series 13 First Preferred Shares*”, the holders of the Series 13 First Preferred Shares will not be entitled as such to receive notice of, or to attend, or to vote at, any meeting of the shareholders of the Corporation unless the Corporation shall have failed to pay eight quarterly dividends on the Series 13 First Preferred Shares, whether or not consecutive. In that event and for so long as any of such dividends on such Series 13 First Preferred Shares remain in arrears, the holders of the Series 13 First Preferred Shares will be entitled to receive notice of, and to attend, all meetings of holders of Common Shares of the Corporation and will be entitled to cast one vote thereat for each Series 13 First Preferred Share held.

Tax Election

The Corporation will elect to pay tax at a rate such that no holder of the Series 13 First Preferred Shares will be required to pay tax on dividends received on the Series 13 First Preferred Shares under section 187.2 of Part IV.1 of the Tax Act or any successor or replacement provision of similar effect. See “*Certain Canadian Federal Income Tax Considerations - Dividends*”.

Withholding Tax

Notwithstanding any other term of the Series 13 First Preferred Shares, the Corporation may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to the share terms any amounts required or permitted by law to be deducted or withheld from any such payment, distribution, issuance or delivery and shall remit any such amounts to the relevant tax authority as required. If the cash component of any payment, distribution, issuance or delivery to be made pursuant to the share terms is less than the amount that the Corporation is so required or permitted to deduct or withhold, the Corporation shall be permitted to deduct and withhold from any non-cash payment, distribution, issuance or delivery to be made pursuant to the share terms any amounts required or permitted by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority.

Modification of Series Provisions

The rights, privileges, restrictions and conditions attaching to the Series 13 First Preferred Shares may be deleted, varied, modified, amended or amplified by the Corporation with the approval of the holders of the Series 13 First Preferred Shares as described under “*Approval of Holders of Series 13 First Preferred Shares*”.

Approval of Holders of Series 13 First Preferred Shares

Any approval required to be given at any time by the holders of the Series 13 First Preferred Shares shall be given either in such manner as may then be required by applicable law or, if permitted by applicable law, by an instrument or instruments in writing signed by the holders of not less than two-thirds of the then outstanding Series 13 First Preferred Shares or by resolution passed by not less than two-thirds of the votes cast on a poll at a meeting or adjourned meeting of the holders of the Series 13 First Preferred Shares then outstanding duly called for that purpose. In the event that such approval is to be given at a meeting of the holders of the Series 13 First Preferred Shares, a quorum for the meeting shall consist of the holders, present in person or represented by proxy, of not less than 25% of the Series 13 First Preferred Shares outstanding at the time of the meeting; if, however, the holders of 25% of the outstanding Series 13 First Preferred Shares are not present in person or represented by proxy at such meeting within one-half hour after the time for which the meeting was called, the meeting shall be adjourned to a subsequent date, and a quorum for the adjourned meeting shall consist of two or more persons holding Series 13 First Preferred Shares or representing holders of such shares by proxy.

Business Day

If any day on which any dividend on the Series 13 First Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

DEPOSITORY SERVICES

Except as otherwise provided herein, the Series 12 First Preferred Shares and the Series 13 First Preferred Shares will be issued in “book-entry only” form and must be purchased, transferred, converted or redeemed through participants (collectively, “**Participants**” and individually, a “**Participant**”) in the depository service of CDS or its nominee. Each of the Underwriters is a Participant. On the closing of this offering, the Corporation will cause a global certificate or certificates representing the Series 12 First Preferred Shares to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of Series 12 First Preferred Shares or Series 13 First Preferred Shares, as applicable, will be entitled to a certificate or other instrument from the Corporation or CDS evidencing that purchaser’s ownership thereof, and no purchaser will be shown on the records

maintained by CDS except through a book-entry account of a Participant acting on behalf of such purchaser. The Corporation understands that each purchaser of Series 12 First Preferred Shares or Series 13 First Preferred Shares, as applicable, will receive a customer confirmation of purchase from the registered dealer from or through which the Series 12 First Preferred Shares or Series 13 First Preferred Shares are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Series 12 First Preferred Shares or Series 13 First Preferred Shares, as applicable. Reference in this prospectus supplement to a holder of Series 12 First Preferred Shares or Series 13 First Preferred Shares, as applicable, means, unless the context otherwise requires, the owner of the beneficial interest in the Series 12 First Preferred Shares or the Series 13 First Preferred Shares, as applicable.

The ability of a beneficial owner of Series 12 First Preferred Shares or the Series 13 First Preferred Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Neither the Corporation nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Series 12 First Preferred Shares or the Series 13 First Preferred Shares held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Series 12 First Preferred Shares or the Series 13 First Preferred Shares; or (c) any advice or representation made by or with respect to CDS and those contained in this prospectus supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Series 12 First Preferred Shares or the Series 13 First Preferred Shares must look solely to CDS Participants for payments made by or on behalf of the Corporation to CDS in respect of the Series 12 First Preferred Shares or the Series 13 First Preferred Shares.

If the Corporation determines, or CDS notifies the Corporation in writing, that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series 12 First Preferred Shares or the Series 13 First Preferred Shares, as applicable, and the Corporation is unable to locate a qualified successor, or if the Corporation at its option elects, or is required by law, to terminate the book-entry system, then Series 12 First Preferred Shares or the Series 13 First Preferred Shares, as applicable, will be issued in fully registered and certificated form to the owners of the beneficial interests in such Series 12 First Preferred Shares or the Series 13 First Preferred Shares, as applicable, or their nominees.

CREDIT RATINGS

The Series 12 First Preferred Shares of the Corporation are rated Pfd-2 (low) by DBRS Limited (“**DBRS**”) and P-3 (High) by S&P Global Ratings, a division of McGraw-Hill Financial Inc. (“**S&P**”) (DBRS and S&P are each a “**Rating Agency**”).

A Pfd-2 rating by DBRS is the second highest of six categories utilized by DBRS to rate preferred shares. Preferred shares rated Pfd-2 are of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet and coverage ratios are not as strong as higher rated companies. Each rating category is denoted by the subcategories “high” and “low”. “High” or “low” designations indicate the relative standing of a credit within a particular rating category.

A P-3 rating by S&P is the third highest of eight categories S&P uses in its Canadian preferred share rating scale. A security rated P-3 is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the issuer's inadequate capacity to meet its financial commitment on the security. A “high” or “low” designation shows relative standing within a rating category. The absence of either a “high” or “low” designation indicates the rating is in the “middle” of the category.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities and are indicators of the likelihood of payment and of the capacity and willingness of an issuer to meet its financial commitment on a security in accordance with the terms of the security. Credit ratings do not speak to the

suitability of particular securities for any particular investor. The credit ratings assigned to the Series 12 First Preferred Shares may not reflect the potential impact of all risks on the value of the Series 12 First Preferred Shares. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a Rating Agency in the future if, in its judgment, circumstances so warrant. The lowering of any rating of the Series 12 First Preferred Shares may negatively affect the quoted market price, if any, of such shares.

The Corporation will make payments to the Rating Agencies in connection with the assignment of the ratings to the Series 12 First Preferred Shares. In addition, the Corporation has made payments to the Rating Agencies in connection with the assignment of ratings on the long-term debt, preferred shares and commercial paper of the Corporation and in respect of certain other services provided to the Corporation by the Rating Agencies during the last two years.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated effective August 23, 2016 among the Corporation and the Underwriters, the Corporation has agreed to sell an aggregate of 12,000,000 Series 12 First Preferred Shares to the Underwriters, and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase from the Corporation, as principal, such Series 12 First Preferred Shares at a price of \$25.00 per Series 12 First Preferred Share payable in cash against delivery on the Offering Closing Date. The Underwriting Agreement provides that, in consideration of the services of the Underwriters in connection with the Offering, the Corporation will pay the Underwriters a fee of 1.0% per Series 12 First Preferred Share issued and sold by the Corporation to certain institutions, and 3.0% per Series 12 First Preferred Share for all other Series 12 First Preferred Shares issued and sold by the Corporation as part of the offering, for an aggregate fee payable by the Corporation of \$9,000,000, assuming that no Series 12 First Preferred Shares are sold to such institutions. The Underwriters’ Fee is payable on the Offering Closing Date and will be paid, along with the expenses of the offering, which are estimated to be \$500,000, from the general funds of the Corporation.

The terms of the offering were established through negotiations between the Corporation and the Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several) and may be terminated at their discretion upon the occurrence of certain stated events. If an Underwriter fails to purchase the Series 12 First Preferred Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Series 12 First Preferred Shares, provided that, if the aggregate number of Series 12 First Preferred Shares not purchased is less than or equal to 7% of the total number of Series 12 First Preferred Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Series 12 First Preferred Shares not taken up, on a *pro rata* basis or as they may otherwise agree as between themselves. If the aggregate number of Series 12 First Preferred Shares not purchased is greater than 7% of the aggregate number of Series 12 First Preferred Shares agreed to be purchased by the Underwriters, then each of the other Underwriters shall be relieved of its obligations to purchase its respective percentage of the Series 12 First Preferred Shares, subject to the terms and conditions of the Underwriting Agreement. The Underwriters are, however, obligated to take up and pay for all Series 12 First Preferred Shares if any Series 12 First Preferred Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters and their respective agents, directors, officers, shareholders and employees against certain liabilities and expenses.

The Underwriters propose to offer the Series 12 First Preferred Shares initially at the public offering price specified on the cover page of this prospectus supplement. After the Underwriters have made a reasonable effort to sell all of the Series 12 First Preferred Shares offered by this prospectus supplement at the price specified herein, the offering price may be decreased and may be further changed from time to time to an amount not greater than \$25.00. In the event the offering price of the Series 12 First Preferred Shares is reduced, the compensation received by the Underwriters will be decreased by the amount by which the aggregate price paid by the purchasers for the Series 12 First Preferred Shares is less than the gross proceeds paid by the Underwriters to the Corporation for the Series 12 First Preferred Shares. Any such reduction will not affect the proceeds received by the Corporation.

Subscriptions for Series 12 First Preferred Shares will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice.

The Corporation has applied to list the Series 12 First Preferred Shares and Series 13 First Preferred Shares on the TSX. Listing will be subject to the Corporation fulfilling all the applicable listing requirements of the TSX including distribution of these securities to a minimum number of public securityholders.

The Corporation has agreed that, subject to certain exceptions, it shall not issue or agree to issue any preferred shares or other securities convertible into, or exchangeable for, preferred shares prior to 90 days following the Offering Closing Date without the prior consent of TD Securities Inc. and CIBC World Markets Inc., which consent shall not be unreasonably withheld.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Series 12 First Preferred Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series 12 First Preferred Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 12 First Preferred Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

Neither the Series 12 First Preferred Shares nor the Series 13 First Preferred Shares have been or will be registered under the U.S. Securities Act. They are being sold only outside the United States to non-U.S. Persons (as those terms are defined under Regulation S under the U.S. Securities Act) and may not be reoffered, resold, pledged or otherwise transferred in the United States or to U.S. Persons.

RELATIONSHIP BETWEEN THE CORPORATION'S LENDERS AND THE UNDERWRITERS

Under applicable securities laws in Canada, the Corporation may be considered to be a connected issuer of four of the Underwriters, TD Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc. and Scotia Capital Inc. as each are directly or indirectly wholly-owned or majority owned subsidiaries of Canadian chartered banks or financial institutions (collectively, the "**Banks**") which have extended credit facilities to the Corporation upon which the Corporation may draw from time to time. The Corporation's credit facilities consist of a \$400 million syndicated multi-year credit facility at the Corporation (the "**Westcoast Facility**") and a \$700 million syndicated multi-year credit facility at Union Gas (the "**Union Gas Facility**" and, together with the Westcoast Facility, the "**Facilities**"), with the Banks. Each of the Facilities is unsecured and the Corporation is, and has been since the establishment of each of the Facilities, in compliance with the terms of the agreements governing the Facilities. The Corporation's financial position has not adversely changed in a material manner since the Facilities were put in place. The principal purpose of the Westcoast Facility is to support the Corporation's repayment obligations under its commercial paper program and the principal purpose of the Union Gas Facility is to support Union Gas' repayment obligations under its commercial paper program; however, the Corporation and Union Gas may incur indebtedness to the Banks under the Facilities and net proceeds received pursuant to the offering may be used, directly or indirectly, to reduce that indebtedness.

The decision to distribute Series 12 First Preferred Shares pursuant to the offering was made by the Corporation and the determination of the terms of the offering was made through negotiations between the Corporation and the Underwriters. The Banks did not have any involvement in such decision or determination but have each been advised of the offering and the terms thereof. Each of the Underwriters will receive its proportionate share of the aggregate underwriting fee payable by the Corporation to the Underwriters.

ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, counsel to the Corporation, and Bennett Jones LLP, counsel to the Underwriters (collectively, "**Counsel**"), subject to the provisions of any particular plan, the Series 12 First Preferred Shares

offered hereby and the Series 13 First Preferred Shares issuable on a conversion of Series 12 First Preferred Shares, if issued on the date hereof, would be qualified investments under the Tax Act and the regulations thereunder (the “**Regulations**”) for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan, or a tax-free savings account (“**TFSA**”). However, the holder of a TFSA, or the annuitant under a RRSP or RRIF which holds the Series 12 First Preferred Shares or Series 13 First Preferred Shares will be subject to a penalty tax if the holder or the annuitant, as the case may be: (i) does not deal at arm’s length with the Corporation; or (ii) has a “significant interest” in the Corporation, all as defined in and for purposes of the Tax Act. In addition, the Series 12 First Preferred Shares or Series 13 First Preferred Shares will generally not be a “prohibited investment” as defined in the Tax Act, and therefore not subject to the penalty tax if such shares are “excluded property” for purposes of section 207.01 of the Tax Act for trusts governed by a TFSA, RRSP or RRIF.

Prospective investors who intend to hold Series 12 First Preferred Shares or Series 13 First Preferred Shares in their TFSA, RRSP or RRIF should consult their own tax advisors regarding their particular circumstances.

USE OF PROCEEDS

The estimated net proceeds (after deducting the Underwriters’ Fee) to be received by the Corporation from the sale of the Series 12 First Preferred Shares are expected to be \$291,000,000, assuming that no Series 12 First Preferred Shares are sold to certain institutions.

The net proceeds are expected to be used to fund capital expenditures and for general corporate purposes. The net proceeds that the Corporation does not immediately require for the purposes described above may be used in the interim in connection with the repayment of commercial paper borrowings or for short term investments. Further details regarding the Corporation’s overall corporate strategy and the major strategic initiatives supporting its strategy are summarized in the Corporation’s management’s discussion and analysis of financial condition and results of operations for the years ended December 31, 2015 and 2014, as modified or superseded by information contained in the Corporation’s management’s discussion and analysis of the financial condition and results of operations for the three and six months ended June 30, 2016 and 2015, and subsequent periods, incorporated herein by reference.

The expenses of the offering, including the Underwriters’ fee but excluding the Underwriters’ out-of-pocket costs and the fees and disbursements of the Underwriters’ legal counsel, will be borne by the Corporation. See “*Plan of Distribution*”.

EARNINGS COVERAGE RATIO

The following earnings coverage ratios have been calculated on a consolidated basis for the respective 12-month periods ended December 31, 2015 and June 30, 2016 and are derived from audited financial information, in the case of December 31, 2015, and unaudited financial information, in the case of June 30, 2016, in each case prepared in accordance with U.S. GAAP.

The following ratios give *pro forma* effect to the issuance or repayment by the Corporation on a consolidated basis from time to time of preference shares and debt securities including the issuance by the Corporation of the Series 12 First Preferred Shares pursuant to this prospectus supplement.

The earnings coverage ratios set out below do not purport to be indicative of earnings coverage ratios for any future periods. The earnings coverage ratios are equal to net earnings before borrowing costs on all financial liabilities (“**borrowing costs**”) and income taxes divided by borrowing costs (including capitalized interest) and the Corporation’s aggregate dividend requirements.

	Twelve Month Period Ended	
	December 31, 2015	June 30, 2016
Earnings coverage.....	1.5 times	1.4 times

The Corporation's *pro forma* dividend requirements on all of its preferred shares amounted to \$55 million for the 12 months ended December 31, 2015. The Corporation's borrowing cost requirements amounted to \$363 million for the 12 months ended December 31, 2015. The Corporation's earnings before borrowing costs and income taxes for the 12 months ended December 31, 2015, were \$628 million, which is 1.5 times Corporation's aggregate dividend and borrowing cost requirements (including capitalized interest) for this period.

The Corporation's *pro forma* dividend requirements on all of its preferred shares amounted to \$55 million for the 12 months ended June 30, 2016. The Corporation's borrowing cost requirements amounted to \$367 million for the 12 months ended June 30, 2016. The Corporation's earnings before borrowing costs and income taxes for the 12 months ended June 30, 2016 were \$600 million, which is 1.4 times Corporation's aggregate dividend and borrowing cost requirements (including capitalized interest) for this period.

RISK FACTORS

An investment in the Series 12 First Preferred Shares offered hereunder involves certain risks. In addition to the other information contained in this prospectus supplement, and in the documents incorporated by reference herein, prospective purchasers of Series 12 First Preferred Shares should consider carefully the risk factors set forth below, as well as the additional risk factors discussed in the Corporation's annual information form for the year ended December 31, 2015, and in the management's discussion and analysis of financial condition and results of operations for the years ended December 31, 2015 and 2014, which risk factors are incorporated herein by reference.

Market for Securities

Although the Corporation has applied to list the Series 12 First Preferred Shares on the TSX, there is currently no market through which the Series 12 First Preferred Shares may be sold and purchasers of Series 12 First Preferred Shares may not be able to resell the Series 12 First Preferred Shares purchased under this prospectus supplement. This may affect the pricing of the Series 12 First Preferred Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series 12 First Preferred Shares and the extent of issuer regulation.

The price offered to the public for the Series 12 First Preferred Shares and the number of Series 12 First Preferred Shares to be issued have been determined by negotiations among the Corporation and the Underwriters. The price paid for each Series 12 First Preferred Share may bear no relationship to the price at which the Series 12 First Preferred Shares will trade in the public market subsequent to this offering. The Corporation cannot predict at what price the Series 12 First Preferred Shares will trade and there can be no assurance that an active trading market will develop for the Series 12 First Preferred Shares or, if developed, that such market will be sustained.

Market Price

The market price of the Series 12 First Preferred Shares and Series 13 First Preferred Shares, if applicable, may fluctuate due to a variety of factors relative to the Corporation's business, including announcements of new developments, fluctuations in the Corporation's operating results, sales of the Series 12 First Preferred Shares and Series 13 First Preferred Shares, if applicable, in the marketplace, failure to meet analysts' expectations, any public announcements made in regard to this offering, the impact of various tax laws or rates and general market conditions or the worldwide economy. In recent years, stock markets have experienced significant price fluctuations, which have been unrelated to the operating performance of the affected companies. There can be no assurance that the market price of the Series 12 First Preferred Shares and Series 13 First Preferred Shares, if applicable, will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance.

Prevailing yields on similar securities will affect the market value of the Series 12 First Preferred Shares and Series 13 First Preferred Shares, if applicable. Assuming all other factors remain unchanged, the market value of the Series 12 First Preferred Shares and Series 13 First Preferred Shares, if applicable, would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series 12 First Preferred Shares and Series 13 First Preferred Shares, if applicable, in an analogous manner.

Dividends

Provisions of various trust indentures and credit arrangements to which the Corporation is a party restrict the Corporation's ability to declare and pay dividends under certain circumstances and, if such restrictions apply, they may, in turn, have an impact on the Corporation's ability to declare and pay dividends on the Series 12 First Preferred Shares and Series 13 First Preferred Shares.

Dividends on the Series 12 First Preferred Shares and Series 13 First Preferred Shares are payable at the discretion of the Board of Directors. The Corporation may not declare or pay a dividend if there are reasonable grounds for believing that (a) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due, or (b) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes of its shares.

The dividend rate in respect of the Series 12 First Preferred Shares will reset on October 15, 2021 and every five years thereafter. The dividend rate in respect of the Series 13 First Preferred Shares will reset quarterly. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

Investments in the Series 13 First Preferred Shares, given their floating interest component, entail risks not associated with investments in the Series 12 First Preferred Shares. The resetting of the applicable rate on a Series 13 First Preferred Share may result in a lower yield compared to fixed rate Series 12 First Preferred Shares. The applicable rate on a Series 13 First Preferred Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which the Corporation has no control. See "*Details of the Offering – Certain Provisions of the Series 13 First Preferred Shares – Dividends on Series 13 First Preferred Shares*".

Credit Ratings

The credit ratings applied to the Series 12 First Preferred Shares are an assessment, by the Rating Agencies, of the Corporation's ability to pay its obligations. The credit ratings are based on certain assumptions about the future performance and capital structure of the Corporation that may or may not reflect the actual performance or capital structure of the Corporation. Real or anticipated changes in credit ratings assigned to the Series 12 First Preferred Shares may affect the market price, value or liquidity of the Series 12 First Preferred Shares. There is no assurance that any credit rating assigned to the Series 12 First Preferred Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant Rating Agency. See "*Credit Ratings*".

Insolvency or Winding-up

The Series 12 First Preferred Shares and Series 13 First Preferred Shares are equity capital of the Corporation which rank equally with other First Preferred Shares, if any, in the event of a liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs. If the Corporation becomes insolvent or is wound-up, the Corporation's assets must be used to pay liabilities and other debt before payments may be made on the Series 12 First Preferred Shares, Series 13 First Preferred Shares and other First Preferred Shares, if any.

Automatic Conversion

An investment in the Series 12 First Preferred Shares, or in the Series 13 First Preferred Shares, as the case may be, may become an investment in Series 13 First Preferred Shares, or in Series 12 First Preferred Shares, without the consent of the holder in the event of an automatic conversion in the circumstances described under "*Details of the Offering – Certain Provisions of the Series 12 First Preferred Shares – Conversion of Series 12 First Preferred Shares into Series 13 First Preferred Shares*" and "*Details of the Offering – Certain Provisions of the Series 13 First Preferred Shares – Conversion of Series 13 First Preferred Shares into Series 12 First Preferred Shares*". Upon automatic conversion of the Series 12 First Preferred Shares into Series 13 First Preferred Shares, the dividend rate on the Series 13 First Preferred Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill

Rate, which may vary from time to time. Upon the automatic conversion of the Series 13 First Preferred Shares into Series 12 First Preferred Shares, the dividend rate on the Series 12 First Preferred Shares will be, for each five-year period, a fixed rate that is determined by reference to the Government of Canada Yield on the 30th day prior to the 15th day of each such five-year period. In addition, holders may be prevented from converting their Series 12 First Preferred Shares into Series 13 First Preferred Shares in certain circumstances. See “*Details of the Offering – Certain Provisions of the Series 12 First Preferred Shares – Conversion of Series 12 First Preferred Shares into Series 13 First Preferred Shares*” and “*Details of the Offering – Certain Provisions of the Series 13 First Preferred Shares – Conversion of Series 13 First Preferred Shares into Series 12 First Preferred Shares*”.

No Fixed Maturity

Neither the Series 12 First Preferred Shares nor the Series 13 First Preferred Shares have a fixed redemption date and are not retractable at the option of the holders of Series 12 First Preferred Shares or the Series 13 First Preferred Shares, as applicable. The ability of a holder to liquidate its holdings of Series 12 First Preferred Shares and the Series 13 First Preferred Shares, as applicable, may be limited.

Voting Rights

Holders of Series 12 First Preferred Shares and Series 13 First Preferred Shares will not have voting rights at meetings of shareholders of the Corporation except under limited circumstances. See “*Details of the Offering – Certain Provisions of the Series 12 First Preferred Shares – Voting Rights*” and “*Details of the Offering – Certain Provisions of the Series 13 First Preferred Shares – Voting Rights*”.

Redeemable

The Corporation may choose to redeem the Series 12 First Preferred Shares and/or the Series 13 First Preferred Shares from time to time, in accordance with its rights described under “*Details of the Offering – Certain Provisions of the Series 12 First Preferred Shares – Redemption of Series 12 First Preferred Shares*” and “*Details of the Offering – Certain Provisions of the Series 13 First Preferred Shares – Redemption of the Series 13 First Preferred Shares*”, including when prevailing interest rates are lower than yield borne by the Series 12 First Preferred Shares and the Series 13 First Preferred Shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the Series 12 First Preferred Shares or the Series 13 First Preferred Shares being redeemed. The Corporation’s redemption right also may adversely impact a purchaser’s ability to sell Series 12 First Preferred Shares and Series 12 First Preferred Shares.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Counsel, the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations generally applicable under the provisions of the Tax Act to a prospective purchaser of Series 12 First Preferred Shares pursuant to this prospectus supplement (a “**Holder**”) who, at all relevant times, for the purposes of the Tax Act, is (or is deemed to be) resident in Canada, holds the Series 12 First Preferred Shares and will hold the Series 13 First Preferred Shares, as applicable, as capital property, deals at arm’s length with the Corporation and the Underwriters and is not affiliated with the Corporation and is not exempt from tax under Part I of the Tax Act. Generally, the Series 12 First Preferred Shares or Series 13 First Preferred Shares will be considered to be capital property to a Holder provided the Holder does not hold the shares in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who might not otherwise be considered to hold their Series 12 First Preferred Shares or Series 13 First Preferred Shares as capital property may, in certain circumstances, be entitled to have them and every other “Canadian security” (as defined in the Tax Act) owned by them in the taxation year of the election and in all subsequent years treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Holders who will not hold their Series 12 First Preferred Shares or their Series 13 First Preferred Shares, as applicable, as capital property should consult their own tax advisers with respect to their own particular circumstances. This summary assumes that the Series 12 First Preferred Shares and Series 13 First Preferred Shares will be listed on a designated stock exchange in Canada under the Tax Act (which currently includes the TSX) at all relevant times.

This summary is not applicable to a Holder: (i) that is a “financial institution”, as defined in the Tax Act for the purpose of the “mark-to-market property” rules; (ii) an interest in which would be a “tax shelter investment” as defined in the Tax Act; (iii) that is a “specified financial institution” as defined in the Tax Act; (iv) which has made a “functional currency” election under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency; or (v) that enters into a “synthetic disposition arrangement” or a “derivative forward agreement”, as such terms are defined in the Tax Act, in respect of the Series 12 First Preferred Shares or Series 13 First Preferred Shares. Any such Holder should consult its own tax advisors with respect to an investment in the Series 12 First Preferred Shares.

This summary is based upon the current provisions of the Tax Act, the Regulations, all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposals**”), existing case law and Counsel’s understanding of the current published administrative and assessing practices of the Canada Revenue Agency. This summary assumes the Proposals will be enacted in the form proposed; however, no assurance can be given that the Proposals will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder of Series 12 First Preferred Shares or Series 13 First Preferred Shares. No representations are made with respect to the income tax consequences to any particular Holder. Consequently, prospective Holders should consult their own tax advisors with respect to their particular circumstances for advice with respect to the tax consequences to them of acquiring, holding and disposing of the Series 12 First Preferred Shares or the Series 13 First Preferred Shares, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

Dividends

Dividends (including deemed dividends arising on a redemption of the Series 12 First Preferred Shares or the Series 13 First Preferred Shares) received (or deemed to be received) on the Series 12 First Preferred Shares or the Series 13 First Preferred Shares, as the case may be, by an individual (other than certain trusts) will be included in the individual’s income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.

Individuals are entitled to an enhanced gross-up and dividend tax credit in respect of “eligible dividends” received from taxable Canadian corporations, such as the Corporation, if such dividends have been designated as eligible dividends by the Corporation at or before the time of payment. By notice in writing on Spectra Energy’s website, the Corporation has designated all dividends paid by the Corporation to be “eligible dividends” within the meaning of the Tax Act unless otherwise notified.

Dividends received by a Holder who is an individual (other than certain trusts) may give rise to a liability for alternative minimum tax.

Dividends (including deemed dividends arising on a redemption of the Series 12 First Preferred Shares or the Series 13 First Preferred Shares) received (or deemed to be received) on the Series 12 First Preferred Shares or the Series 13 First Preferred Shares, as the case may be, by a Holder which is a corporation will be included in computing the Holder’s income and will generally be deductible in computing the Holder’s taxable income. In certain circumstances, subsection 55(2) of the Tax Act (as proposed to be amended by Proposals released on April 18, 2016) will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to their own circumstances. A “private corporation”, as defined in the Tax Act, or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 38¹/₃% refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Series 12 First Preferred Shares or the Series 13 First Preferred Shares, as the case may be, to the extent such dividends are deductible in computing its taxable income.

The Series 12 First Preferred Shares and the Series 13 First Preferred Shares will be “taxable preferred shares” as defined in the Tax Act. The terms of the Series 12 First Preferred Shares and the Series 13 First Preferred Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 12 First Preferred Shares or the Series 13 First Preferred Shares.

Dispositions

A Holder who disposes of or is deemed to dispose of Series 12 First Preferred Shares or Series 13 First Preferred Shares (on the redemption of such shares or otherwise, but not including on a conversion of Series 12 First Preferred Shares into Series 13 First Preferred Shares or a conversion of Series 13 First Preferred Shares into Series 12 First Preferred Shares) will generally realize a capital gain (or a capital loss) to the extent that the Holder’s proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the Holder. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by the Corporation of Series 12 First Preferred Shares or Series 13 First Preferred Shares, as the case may be, will generally not be included in computing the Holder’s proceeds of disposition for purposes of computing the capital gain (or capital loss) arising on the disposition of such Series 12 First Preferred Shares or Series 13 First Preferred Shares, as the case may be. See “*Redemption*” below. If the Holder is a corporation, any capital loss arising on a disposition of a Series 12 First Preferred Share or a Series 13 First Preferred Share, as the case may be, may, in certain circumstances, be reduced by the amount of any dividends, including deemed dividends, which have been received (or deemed to be received) on the Series 12 First Preferred Shares or Series 13 First Preferred Shares or any share which was converted into such share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary.

Generally, one-half of any capital gain will be included in computing the Holder’s income in the year of disposition as a taxable capital gain and one-half of any capital loss (an “**allowable capital loss**”) must be deducted from the Holder’s taxable capital gains in the year of disposition. Allowable capital losses in excess of taxable capital gains for a taxation year generally may be carried back up to three taxation years or carried forward indefinitely and deducted against net taxable capital gains in those other taxation years. Capital gains realized by an individual may give rise to a liability for alternative minimum tax.

A Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay the refundable tax of $6\frac{2}{3}\%$ on its “aggregate investment income”, which is defined to include taxable capital gains. The refundable tax will be increased from $6\frac{2}{3}\%$ to $10\frac{2}{3}\%$ for taxation years that end after 2015, subject to proration for taxation years that begin before 2016, pursuant to Proposals released on December 7, 2015.

Redemption

If the Corporation redeems Series 12 First Preferred Shares or Series 13 First Preferred Shares, or otherwise acquires or cancels Series 12 First Preferred Shares or Series 13 First Preferred Shares (other than by a purchase by the Corporation of the shares in the open market in the manner in which shares are normally purchased by any member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation (including any redemption premium) in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. Generally, any excess of the amount paid over the amount of the deemed dividend will be treated as proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “*Dispositions*” above. In the case of a corporate holder, it is possible that in certain circumstances all or part of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

Conversion

The conversion of Series 12 First Preferred Shares into Series 13 First Preferred Shares and the conversion of Series 13 First Preferred Shares into Series 12 First Preferred Shares will not constitute a disposition of property for purposes of the Tax Act and, accordingly, will not give rise to a capital gain or capital loss. The cost to a Holder of the Series 12 First Preferred Shares or Series 13 First Preferred Shares, as the case may be, received on the conversion will, subject to the cost averaging rules contained in the Tax Act for identical properties, be deemed to be

equal to the Holder's adjusted cost base of the converted Series 12 First Preferred Shares or Series 13 First Preferred Shares, as the case may be, immediately before the conversion.

INTERESTS OF EXPERTS

Certain legal matters relating to the offering will be passed upon by Goodmans LLP for the Corporation and by Bennett Jones LLP for the Underwriters. As at the date hereof, partners and associates of Goodmans LLP, as a group, and of Bennett Jones LLP, as a group, beneficially own, directly or indirectly, less than 1% of any class of securities of the Corporation.

In connection with the audits of the financial statements incorporated by reference in this prospectus supplement, the Corporation's independent auditors are Deloitte LLP. Deloitte LLP is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Series 12 First Preferred Shares is Computershare Investor Services Inc. at its principal office in Vancouver.

ENFORCEMENT OF JUDGMENTS

J. Patrick Reddy, the Chief Financial Officer of the Corporation, and Allen C. Capps, a director of the Corporation, reside outside of Canada. Each of Messrs. Reddy and Capps has appointed the Corporation at Suite 2600, 425 - 1st Street SW, Calgary, Alberta, T2P 3L8, as his agent for service in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the purchase price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF WESTCOAST ENERGY INC.

Dated: August 23, 2016

The short form prospectus, together with the documents incorporated in this prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

(signed) "R. Mark Fiedorek"

R. Mark Fiedorek
President
(as Chief Executive Officer)

(signed) "J. Patrick Reddy"

J. Patrick Reddy
Chief Financial Officer

On behalf of the
Board of Directors

(signed) "Bruce E. Pydee"

Bruce E. Pydee
Director

(signed) "Allen C. Capps"

Allen C. Capps
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: August 23, 2016

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

TD SECURITIES INC.

CIBC WORLD MARKETS INC.

By: *(signed)* "Harold R. Holloway"

By: *(signed)* "Kelsen Vallee"

BMO NESBITT BURNS INC.

RBC DOMINION SECURITIES INC.

SCOTIA CAPITAL INC.

By: *(signed)* "Tim Lisevich"

By: *(signed)* "Douglas Pearce"

By: *(signed)* "James Barltrop"

NATIONAL BANK FINANCIAL INC.

By: *(signed)* "Iain Watson"