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# WESTCOAST ENERGY INC.

## CUMULATIVE 5-YEAR MINIMUM RATE RESET REDEEMABLE FIRST PREFERRED SHARES, SERIES 12

August 22, 2016

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A final base shelf prospectus dated March 18, 2016 containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces of Canada. A copy of the final base shelf prospectus, any amendment to the final base shelf prospectus and any applicable shelf prospectus supplement that has been filed, is required to be delivered with this document.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final base shelf prospectus, any amendment and any applicable shelf prospectus supplement for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

The following is a brief summary of certain attributes and characteristics of the Series 12 Preferred Shares and the Series 13 Preferred Shares (each as defined herein) which does not purport to be complete.

**There is no market through which the Series 12 Preferred Shares may be sold and purchasers may not be able to resell such securities purchased under the final base shelf prospectus and any prospectus supplement. This may affect the pricing of such securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors" in the final base shelf prospectus as well as the "Risk Factors" section of the prospectus supplement to be filed for the Series 12 Preferred Shares.**

Investors should be aware that the acquisition of the Series 12 Preferred Shares described herein may have tax consequences. Investors should read the tax discussion in the prospectus supplement to be filed for the Series 12 Preferred Shares, however, the final base shelf prospectus or such prospectus supplement may not fully describe these tax consequences.

### Revised Terms and Conditions

<b>ISSUER:</b>	Westcoast Energy Inc. (the "Corporation").
<b>ISSUE:</b>	Treasury Offering of Cumulative 5-Year Minimum Rate Reset Redeemable First Preferred Shares, Series 12 (the "Series 12 Preferred Shares").
<b>ISSUE SIZE:</b>	12,000,000 Series 12 Preferred Shares or \$300,000,000.
<b>ISSUE PRICE:</b>	\$25.00 per Series 12 Preferred Share.
<b>INITIAL FIXED RATE DIVIDEND:</b>	5.20% per share per annum, payable by quarterly instalments for the Initial Fixed Rate Period (as defined below).
<b>DIVIDENDS:</b>	<i>Initial Fixed Rate Period:</i> <ul style="list-style-type: none"><li>Fixed cumulative preferential cash dividends at the rate of \$1.3000 per share per annum, payable by quarterly instalments on the fifteenth day of January, April, July and October, for the initial period ending on October 15, 2021 (the "Initial Fixed Rate Period"). The first of such dividends, if declared, shall be payable on October 15, 2016 and shall be \$0.1638 per share, based on the anticipated closing date of the offering of the Series 12 First Preferred Shares on August 30, 2016.</li></ul>

#### *Subsequent Fixed Rate Periods:*

- For every five-year period after the Initial Fixed Rate Period (a "Subsequent Fixed Rate Period"), the Corporation will determine on the 30th day prior to the first day of the Subsequent Fixed Rate Period the annual fixed dividend rate applicable to that Subsequent Fixed Rate Period (the "Annual Fixed Dividend Rate").
- The Annual Fixed Dividend Rate will be equal to the sum of the 5-Year Government of Canada Bond Yield ("GCAN5YR") as quoted on Bloomberg



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(see quote for "GCAN5YR <INDEX>") or comparable sources at 10:00 a.m. (Toronto time) on the 30th day prior to the first day of a Subsequent Fixed Rate Period and 4.52%, provided that, in any event, such rate shall not be less than 5.20%.

- Fixed cumulative preferential cash dividends payable by quarterly instalments on the fifteenth day of January, April, July and October, based on the Annual Fixed Dividend Rate. Should any such fifteenth day not be a business day, the dividend shall be payable on or by the next succeeding business day.

**CONVERSION INTO SERIES 13 FIRST PREFERRED SHARES:** *Election to Convert:*

- On October 15, 2021, and on October 15 every five years thereafter (the "Series 12 Conversion Date"), the holders of Series 12 First Preferred Shares will have the right to convert (subject to the Automatic Conversion provision described below) all or any of their Series 12 First Preferred Shares into an equal number of Cumulative Floating Rate Redeemable First Preferred Shares, Series 13 (the "Series 13 First Preferred Shares"). Should any such October 15 not be a business day, the Series 12 Conversion Date will be the next succeeding business day.

*Election Notice:*

- Holders of Series 12 First Preferred Shares who elect to convert their Series 12 First Preferred Shares into Series 13 First Preferred Shares on the Series 12 Conversion Date are required to provide the transfer agent and registrar for the Series 12 First Preferred Shares with notice in writing (a "Series 13 Conversion Notice") not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, the applicable Series 12 Conversion Date. Once received by the transfer agent and registrar, a Series 13 Conversion Notice is irrevocable.

*Automatic Conversion:*

- 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 will 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 ("Automatic Conversion").
- Holders of Series 12 First Preferred Shares will 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



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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.

*Notice of Series 12 Conversion Date and next Annual Fixed Dividend Rate:*

- Notice of a Series 12 Conversion Date and instructions as to the method by which such conversion right may be exercised will be given by the Corporation not more than 60 days and not less than 30 days prior to the applicable Series 12 Conversion Date.
- Notice of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period will be provided by the Corporation on the 30th day prior to each Series 12 Conversion Date.

*Not electing to convert and continuing to hold Series 12 First Preferred Shares:*

- If the Corporation does not receive an Election Notice from a holder of Series 12 First Preferred Shares during the time fixed therefor, then the Series 12 First Preferred Shares of that holder shall not be converted (except in the case of an Automatic Conversion).

**REDEMPTION:**

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, on at least 30 days' notice, 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. Should any such October 15 not be a business day, the redemption date in that year will be the next succeeding business day.

**PURCHASE FOR CANCELLATION:**

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 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 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 ("Common Shares"),



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to holders of the second preferred shares of the Corporation ("Second Preferred Shares") or to the holders of any other class of shares of the Corporation ranking junior to the Series 12 First Preferred Shares.

### RESTRICTION 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 the foregoing; or

(c) redeem, purchase or otherwise retire less than all of 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.

### RATINGS:

DBRS: Pfd-2 (low)

S&P: P-3 (high)

**USE OF PROCEEDS:** The proceeds are expected to be used to fund capital expenditures and for general



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	corporate purposes.
<b>VOTING:</b>	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.
<b>ELIGIBILITY:</b>	Subject to the customary qualifications, eligible for investment by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit sharing plans and tax free savings accounts under the <i>Income Tax Act</i> (Canada).
<b>LISTING:</b>	An application has been made to list the Series 12 Preferred Shares on The Toronto Stock Exchange.
<b>FORM OF OFFERING:</b>	Bought public offering in all provinces of Canada by way of supplement to a short form base shelf prospectus dated March 18, 2016.
<b>TAX ON SERIES 12 PREFERRED SHARES:</b>	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 <i>Income Tax Act</i> (Canada) or any successor or replacement provision of similar effect.
<b>JOINT BOOKRUNNERS:</b>	TD Securities Inc. and CIBC Capital Markets
<b>COMMISSION:</b>	1.0% on Series 12 First Preferred Shares sold to institutions. 3.0% on all other Series 12 First Preferred Shares sold.
<b>CLOSING:</b>	August 30, 2016



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# WESTCOAST ENERGY INC.

## CUMULATIVE FLOATING RATE REDEEMABLE FIRST PREFERRED SHARES, SERIES 13

August 22, 2016

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**ISSUER:** Westcoast Energy Inc. (the "Corporation").

**ISSUE:** Treasury offering of Cumulative Floating Rate Redeemable First Preferred Shares, Series 13 (the "Series 13 First Preferred Shares").

**DIVIDENDS:** *Quarterly Dividend Payments:*

- Cumulative preferential cash dividends payable by quarterly installments on the fifteenth day of January, April, July, and October (the "Quarterly Dividend Payment Date" and each period a "Quarterly Floating Rate Period") at the Floating Quarterly Dividend Rate (as defined below) on an actual/365 day count basis times \$25.00. Should any such fifteenth day not be a business day, the dividend will be paid on the next succeeding business day.

*Floating Quarterly Dividend Rate:*

- The Floating Quarterly Dividend Rate for a quarter will be equal to the sum of the 90-day Canadian Treasury Bill Rate ("T-Bill Rate") and 4.52%. The T-Bill Rate will be calculated using the 3-month average results, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the date on which the Floating Quarterly Dividend Rate for such quarter is determined. Auction results are posted on Reuters page BOCBILL.
- The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by the Corporation on the 30th day prior to the first day of the Quarterly Floating Rate Period.

**CONVERSION INTO** *Election to Convert:*

**SERIES 12 FIRST  
PREFERRED  
SHARES:**

- On October 15, 2026, and on October 15 every five years thereafter (the "Series 13 Conversion Date"), the holders of Series 13 First Preferred Shares will have the right to convert (subject to the Automatic Conversion provision described below) all or any of their Series 13 First Preferred Shares into an equal number of Cumulative 5-Year Minimum Rate Reset Redeemable First Preferred Shares, Series 12 (the "Series 12 First Preferred Shares"). Should any such October 15 not be a business day, the Series 13 Conversion Date will be the next succeeding business day.

*Election Notice:*

- Holders of Series 13 First Preferred Shares who elect to convert their Series 13 First Preferred Shares into Series 12 First Preferred Shares on the Series 13 Conversion Date are required to provide the transfer agent and registrar for the Series 13 First Preferred Shares with notice in writing (a "Series 12 Conversion Notice") not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, the applicable Series 13 Conversion Date. Once received by the transfer agent and registrar, a Series 12 Conversion Notice is irrevocable.

*Automatic Conversion:*



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- 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 will 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 ("Automatic Conversion").
- Holders of Series 13 First Preferred Shares will 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.

*Notice of Series 13 Conversion Date and next Annual Fixed Dividend Rate:*

- Notice of a Series 13 Conversion Date and instructions as to the method by which such conversion right may be exercised will be given by the Corporation not more than 60 days and not less than 30 days prior to the applicable Series 13 Conversion Date.
- Notice of the annual fixed dividend rate on the Series 12 First Preferred Shares (the "Annual Fixed Dividend Rate") for each five-year period, after the initial period ending on October 15, 2021 (a "Subsequent Fixed Rate Period"), will be provided by the Corporation on the 30th day prior to each Series 13 Conversion Date.

*Not electing to convert and continuing to hold Series 13 First Preferred Shares:*

- If the Corporation does not receive an Election Notice from a holder of Series 13 First Preferred Shares during the time fixed therefor, then the Series 13 First Preferred Shares of that holder shall not be converted (except in the case of an Automatic Conversion).

**REDEMPTION:**

The Corporation may not redeem the Series 13 First Preferred Shares prior to October 15, 2026. On October 15, 2026, and on October 15 in every fifth year thereafter, on at least 30 days' notice, 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. On any other date after October 15, 2026 that is not a Series 13 Conversion Date, on at least 30 days' notice, 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



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\$25.50 together with an amount equal to all accrued and unpaid dividends thereon up to but excluding the date of redemption. Should any such October 15 not be a business day, the redemption date in that year will be the next succeeding business day.

### **PURCHASE FOR CANCELLATION:**

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 ("Common Shares"), to holders of the second preferred shares of the Corporation ("Second Preferred Shares") or to the holders of any other class of shares of the Corporation ranking junior to the Series 12 First Preferred Shares.

### **RESTRICTION 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





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junior to the Series 13 First Preferred Shares with respect to the foregoing; 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:** 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.

**ELIGIBILITY:** Subject to the customary qualifications, eligible for investment by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit sharing plans and tax free savings accounts under the *Income Tax Act* (Canada).

**LISTING:** An application has been made to list the Series 13 Preferred Shares on The Toronto Stock Exchange.

**TAX ON SERIES 13 PREFERRED SHARES:** 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 *Income Tax Act* (Canada) or any successor or replacement provision of similar effect.

