

This short form prospectus 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. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933. Accordingly, the securities offered hereby may not be offered or sold in the United States of America and this short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus 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 Enbridge Inc. at 2900, 421 - 7th Avenue S.W., Calgary, Alberta, T2P 4K9 (telephone (403) 231-3900). For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Corporate Secretary of Enbridge Inc. at the above-mentioned address and telephone number.

New Issue

November 17, 1998



\$125,000,000

(5,000,000 shares)

5.50% Cumulative Redeemable Preference Shares, Series A

The Cumulative Redeemable Preference Shares, Series A (the "Series A Preferred Shares") of Enbridge Inc. ("Enbridge" or the "Corporation") will be entitled to fixed cumulative preferential cash dividends, as and when declared by the board of directors of the Corporation, at a rate of \$1.375 per Series A Preferred Share per annum (\$0.34375 per Series A Preferred Share per quarter), payable quarterly commencing March 1, 1999. Assuming an issue date of December 1, 1998, the first dividend, if declared, will be payable on March 1, 1999 in the amount of \$0.34375 per Series A Preferred Share.

The Corporation may redeem, on not more than 60 days' and not less than 30 days' prior notice, at any time on or after December 1, 2003, the whole or any part of the then outstanding Series A Preferred Shares at \$26.00 per Series A Preferred Share, if redeemed on or prior to December 1, 2004; at \$25.75 per share if redeemed after December 1, 2004 and on or prior to December 1, 2005; at \$25.50 per share if redeemed after December 1, 2005 and on or prior to December 1, 2006; at \$25.25 per share if redeemed after December 1, 2006 and on or prior to December 1, 2007; and at \$25.00 per share if redeemed after December 1, 2007, in each case together with accrued and unpaid dividends up to but excluding the date fixed for redemption.

The Toronto Stock Exchange and the Montréal Exchange have each conditionally approved the listing of the Series A Preferred Shares. Listing is subject to the Corporation fulfilling all of the requirements of such exchanges on or before February 15, 1999 including distribution of the Series A Preferred Shares to a minimum number of public shareholders.

In the opinion of counsel, based on legislation in effect on the date of this short form prospectus, the Series A Preferred Shares offered by this short form prospectus will be eligible for investment under those statutes referred to under "Eligibility for Investment".

Price: \$25.00 per share to yield 5.50%

	<u>Price to Public</u>	<u>Underwriters' Fee⁽¹⁾</u>	<u>Net Proceeds to the Corporation⁽²⁾</u>
Per Share	\$ 25.00	\$ 0.75	\$ 24.25
Total	\$125,000,000	\$3,750,000	\$121,250,000

Notes:

- (1) The Underwriters' fee for the Series A Preferred Shares is \$0.25 for each share sold to certain institutions and \$0.75 per share for all other shares. The Underwriters' fee indicated represents the maximum fee payable.
- (2) Before deducting expenses of the issue estimated to be \$200,000.

The Underwriters, as principals, conditionally offer the Series A 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 McCarthy Tétrault and on behalf of the Underwriters by Fraser Milner.

Subscriptions 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 closing of this offering is expected to occur on or about December 1, 1998, but may occur on such other date, not later than December 22, 1998 as may be agreed between the Corporation and the Underwriters.

TABLE OF CONTENTS

	Page
DOCUMENTS INCORPORATED BY REFERENCE	2
THE CORPORATION	3
USE OF PROCEEDS	4
PLAN OF DISTRIBUTION	4
DETAILS OF THE OFFERING	5
CAPITALIZATION	6
DIVIDEND AND ASSET COVERAGES	7
CREDIT RATINGS	7
INCOME TAX CONSIDERATIONS	8
ELIGIBILITY FOR INVESTMENT	9
TRANSFER AGENT AND REGISTRAR	9
LEGAL MATTERS	9
STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION	9
CERTIFICATE OF THE CORPORATION	10
CERTIFICATE OF THE UNDERWRITERS	11

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, filed with the various securities commissions or similar authorities in the provinces of Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) Annual Information Form of the Corporation dated February 25, 1998;
- (b) Consolidated comparative financial statements of the Corporation for the year ended December 31, 1997 and the Auditors' Report thereon, contained in the 1997 Annual Report of the Corporation;
- (c) Management Information Circular of the Corporation dated February 25, 1998 relating to the annual meeting of shareholders held on April 30, 1998 (excluding the information contained therein under the sections entitled "Composition of the Human Resources & Compensation Committee", "Report on Executive Compensation" and "Performance Graph");
- (d) Management Information Circular of the Corporation dated August 10, 1998 relating to the special meeting of shareholders held on October 6, 1998; and
- (e) Consolidated interim financial statements (unaudited) of the Corporation for the three month period ended March 31, 1998, for the six month period ended June 30, 1998 and for the nine month period ended September 30, 1998.

Any document of the type referred to above and any material change report (excluding confidential reports) filed by the Corporation with the securities commissions or similar authorities in the provinces of Canada in which a distribution is made pursuant to this short form prospectus, after the date of this short form prospectus and prior to the termination of the distribution, shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference into this short form prospectus shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained in this short form prospectus or in any other subsequently filed document that also is or is deemed to be incorporated by reference into this short form prospectus modifies or supersedes that statement. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this short form prospectus.

THE CORPORATION

The Corporation, through its subsidiaries, is engaged in the provision of energy delivery and energy services.

Energy delivery includes traditional transportation of liquid hydrocarbons and distribution of natural gas. The crude oil and liquids pipeline business of the Corporation is conducted through a common carrier pipeline system (the "System"). The System extends approximately 2,950 miles from Edmonton, Alberta across the Canadian prairies through the Great Lakes region of the United States to Toronto, Ontario and Montreal, Québec with lateral lines to Nanticoke, Ontario and Buffalo, New York. An indirect subsidiary corporation, Enbridge Pipelines Inc. ("Enbridge Pipelines"), owns and operates the portion of the System located in Canada (the "Enbridge System"). Lakehead Pipe Line Company, Inc. ("Lakehead"), a subsidiary of Enbridge Pipelines, operates the portion of the System located in the United States (the "Lakehead System"). The Lakehead System is owned by Lakehead Pipe Line Partners, L.P., a publicly traded U.S. limited partnership in which Lakehead is the general partner and owns an approximate 16.6% interest. Another subsidiary of the Corporation, Enbridge Pipelines (NW) Inc., owns and operates a 540 mile oil pipeline from Norman Wells in the Northwest Territories to Zama in northwestern Alberta. In addition, the Corporation through subsidiaries has a 17.5% interest in, and is joint operator of, the 500-mile Cusiana crude oil pipeline project in Colombia.

The natural gas distribution business of the Corporation is conducted principally through its subsidiary, The Consumers' Gas Company Ltd. ("Consumers Gas"), which serves over 1.4 million residential, commercial, industrial and transportation customers in south central and eastern Ontario, including Metropolitan Toronto and the greater Toronto regions of Peel, York and Durham, as well as the Niagara Peninsula, Ottawa, Brockville, Peterborough, Barrie and many other Ontario communities. In addition, Consumers Gas serves areas of northern New York State through a wholly owned subsidiary company, St. Lawrence Gas Company, Inc. Consumers Gas also provides a wholesale service to distributors serving customers outside of its franchise area and is engaged in the rental and sale of appliance merchandise. The operations of Consumers Gas, including the storage, transmission, distribution, sale, disposal and supply of natural gas in Ontario, are regulated by the Ontario Energy Board ("OEB"). The Corporation also owns a 32% interest in Noverco Inc. ("Noverco"). Noverco is a holding company whose principal asset is an 80% interest in Gaz Metropolitan and Company, Limited Partnership which is engaged in natural gas distribution in Québec and Vermont. Noverco also holds a 50% interest in the TQM Pipeline and Company, Limited Partnership which owns and operates a pipeline transporting natural gas in Québec.

In 1997, the Corporation established an indirect, wholly-owned subsidiary, Consumersfirst Ltd. ("Consumersfirst"), to spearhead the entry into unregulated energy services.

The Corporation was incorporated on April 13, 1970 under the *Companies Act* of the Northwest Territories and was continued under the *Canada Business Corporations Act* on December 15, 1987. The registered office and principal place of business of the Corporation are at 2900, 421 - 7th Avenue S.W., Calgary, Alberta, T2P 4K9.

Recent Developments

For the 1999 fiscal year of Consumers Gas, which commenced on October 1, 1998, the OEB has approved a rate of return on common equity of 9.51% on a deemed common equity component of 35% of total capitalization and an overall rate of return of 8.67% on a rate base of approximately \$3,283.2 million.

Consumers Gas has made an application to the OEB pursuant to undertakings with the Ontario Government for approval of the transfer of certain assets with a net book value of approximately \$166.8 million to Consumersfirst on October 1, 1999. In return for transferring the assets as proposed, which have a forecast fair market value of \$168.5 million, Consumers Gas anticipates it will receive approximately \$166.8 million in cash and \$1.7 million in preferred shares issued by Consumersfirst. The Consumersfirst preferred shares are expected to be redeemed for \$1.7 million in cash immediately following the asset transfer.

On June 30, 1998, the Corporation announced the exercise by Noverco of a warrant to purchase 1,500,000 common shares of the Corporation that was issued in connection with the Corporation's acquisition of its interest in Noverco. Proceeds to the Corporation on settlement of the warrant exercise, which was completed on November 13, 1998, totalled \$76.5 million. On November 13, 1998 the Corporation also issued to Noverco an additional 250,000 common shares of the Corporation pursuant to an agreement dated October 20, 1998 for aggregate proceeds of \$16,762,500. Noverco and its affiliates presently hold an approximate 10 percent interest in the Corporation.

On July 31, 1998, the Corporation acquired Cornwall Electric from the City of Cornwall for \$68 million. Cornwall Electric represents the first step in the Corporation's expansion into the Ontario municipal electricity distribution market, serving about 25,000 residential and business customers in Cornwall and surrounding areas.

On September 30, 1998, the Corporation announced that it had purchased a 22.8% interest in the Chicap Pipe Line Company from Clark Refining & Marketing, Inc. for U.S. \$22 million. The Chicap Pipe Line receives crude oil bound for Chicago from the Capline system which runs from the U.S. Gulf Coast to Patoka, Illinois. The Chicap system consists of 205 miles of 26-inch pipeline and associated system equipment, and has a capacity of approximately 400,000 barrels per day. Chicap parallels the Mustang Pipe Line which transports crude oil from the Chicago-area Lockport terminal on the Lakehead System to Patoka. The Corporation has a 30% interest in the Mustang Pipe Line partnership.

On October 7, 1998, the Corporation filed articles of amendment changing its name from IPL Energy Inc. to Enbridge Inc.

On October 30, 1998, the Supreme Court of Canada rendered its decision in connection with an April 25, 1994 action by a customer against Consumers Gas regarding OEB-approved late payment penalties charged by Consumers Gas. In its decision, the Court allowed the customer's appeal and set aside the trial court's summary judgment dismissing the action. Consumers Gas raised a number of defences including the defence that Section 347 of the *Criminal Code* (Canada), which deals with interest on credit transactions, did not apply in respect of the late payment penalties. The Court rejected the argument of Consumers Gas with respect to Section 347 and remitted the matter back to the trial court for determination of all other issues and for proceedings in accordance with the *Class Proceedings Act, 1992* (Ontario). Consumers Gas intends to continue to vigorously defend the action and expects that if it is found that it must refund any late payment penalty charges or related amounts, it would seek to recover such charges in rates.

On November 10, 1998, the Corporation issued 1,750,000 common shares pursuant to a prospectus offering for aggregate gross proceeds of \$117,337,500.

USE OF PROCEEDS

The estimated net proceeds to the Corporation from the sale of the Series A Preferred Shares will amount to a minimum of approximately \$121.05 million after deduction of the estimated expenses of issue and the maximum underwriting fee, and will be used to fund investment in subsidiaries, to partially repay outstanding indebtedness and for general corporate purposes.

PLAN OF DISTRIBUTION

Pursuant to an agreement dated November 12, 1998 (the "Underwriting Agreement") between the Corporation and TD Securities Inc., Nesbitt Burns Inc., ScotiaMcLeod Inc., Lévesque Beaubien Geoffrion Inc., CIBC Wood Gundy Securities Inc. and Merrill Lynch Canada Inc., as underwriters (the "Underwriters"), the Corporation has agreed to issue and sell, and the Underwriters have severally agreed to purchase, on December 1, 1998 or on such other date as may be agreed, but in any event not later than December 22, 1998 all but not less than all of the Series A Preferred Shares at a price of \$25.00 per share payable by certified cheque or bank draft against delivery of a share certificate therefor. The Corporation has agreed to pay the Underwriters a fee of \$0.25 for each Series A Preferred Share sold to certain institutions, and \$0.75 per share for all other shares. Assuming that no Series A Preferred Shares are sold to such institutions, the Underwriters' fee will be \$3,750,000.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint and may be terminated at their discretion upon the occurrence of certain stated events.

Pursuant to policy statements of the Ontario Securities Commission and the Commission des valeurs mobilières du Québec, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase Series A Preferred Shares. The foregoing restriction is subject to certain exceptions, including a bid or purchase permitted under the by-laws and rules of The Toronto Stock Exchange and the Montréal Exchange 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, provided that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Class A Preferred Shares of the Corporation. Pursuant to the first-mentioned exception, in connection with this offering the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Class A Preferred Shares of the Corporation at levels above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Class A Preferred Shares have not been and will not be registered under the United States *Securities Act of 1933*, as amended, and accordingly may not be offered or sold within the United States. Each Underwriter has agreed that it will not offer or sell the Series A Preferred Shares within the United States or to United States residents.

DETAILS OF THE OFFERING

The authorized share capital of the Corporation consists of an unlimited number of common shares and an unlimited number of Preference Shares, issuable in series. The following is a summary of the principal rights, privileges, restrictions and conditions attaching to the Preference Shares as a class and to be attached to the Series A Preferred Shares as a series. The Corporation will furnish on request a copy of the text of the provisions attaching to the Preference Shares as a class and the Series A Preferred Shares as a series.

Certain Provisions of the Preference Shares as a Class

The board of directors of Enbridge may from time to time issue Preference Shares in one or more series and, with respect to each series, fix the number of shares comprising the series and determine the designation, rights, privileges, restrictions and conditions attaching to such shares, subject to certain limitations. The Preference Shares as a class have, among others, provisions to the following effect.

Priority

The Preference Shares of each series shall rank on a parity with the Preference Shares of every other series with respect to priority in the payment of dividends and with respect to priority on the repayment of capital or any other distribution of assets of the Corporation, in the event of the liquidation, dissolution or winding-up of the Corporation. Preference Shares shall be entitled to preferences in such respects over the common shares of the Corporation and any other shares of the Corporation ranking junior to the Preference Shares.

Voting Rights

Except as referred to below, the holders of the Preference Shares of each series will not have any voting rights nor will they be entitled to receive notice of or to attend shareholders' meetings except as required by law. At any meeting of the holders of Preference Shares as a class or at any joint meeting of the holders of two or more series of Preference Shares, each holder of Preference Shares entitled to vote thereat shall have on a poll one one-hundredth of a vote in respect of each dollar of the issue price of each share held.

Changes in Terms

The provisions attaching to the Preference Shares as a class and to each series of Preference Shares which have been issued may be modified, amended or varied only with the sanction of the holders of the Preference Shares as a class or of the holders of each such series, as the case may be. Any such sanction to be given by the holders of the Preference Shares and any sanction of a change adversely affecting the rights or privileges of such shares or otherwise required by the terms thereof may be given by the affirmative vote of the holders of not less than 66~~6~~2% of the Preference Shares or of each of such series, as the case may be, represented and voted at a meeting or adjourned meeting of such holders called and constituted in a specific manner.

Certain Provisions of the Series A Preferred Shares

Dividends

The holders of the Series A Preferred Shares will be entitled to receive, as and when declared by the board of directors of the Corporation, fixed cumulative preferential cash dividends at the annual rate of \$1.375 per Series A Preferred Share payable quarterly on the first day of March, June, September, and December in each year. Assuming an issue date of December 1, 1998, the first dividend, if declared, will be payable on March 1, 1999 and will be in the amount of \$0.34375 per Series A Preferred Share.

Liquidation, Dissolution or Winding-Up

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, the holders of the Series A Preferred Shares shall be entitled to receive the amount paid up on such shares together with all accrued and unpaid cumulative preferential dividends thereon before any amount shall be paid to the holders of the common shares or to the holders of any other shares ranking junior to the Series A Preferred Shares.

Purchase for Cancellation

The Corporation may at any time or from time to time purchase for cancellation all or any number of the Series A Preferred Shares at any price by tender to all holders of Series A Preferred Shares or through the facilities of any stock exchange on which the Series A 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 A Preferred Shares so purchased for cancellation shall not exceed the highest price offered for a board lot of the Series A Preferred Shares on any stock exchange on which such shares are listed on the date of purchase for cancellation, plus the costs of purchase.

Redemption

The Corporation may not redeem the Series A Preferred Shares prior to December 1, 2003. Subject to the provisions of any shares ranking prior to or *pari passu* with the Series A Preferred Shares and to the provisions described under "Restrictions on Payment of Dividends and Retirement of Shares", the Corporation may redeem on or after December 1, 2003 all or from time to time any of the then outstanding Series A Preferred Shares. Such redemption may be made upon payment in cash of the amount of \$26.00 per share if redeemed on or prior to December 1, 2004; \$25.75 per share if redeemed after December 1, 2004 and on or prior to December 1, 2005; \$25.50 per share if redeemed after December 1, 2005 and on or prior to December 1, 2006; \$25.25 per share if redeemed after December 1, 2006 and on or prior to December 1, 2007; and \$25.00 per share if redeemed after December 1, 2007, in each case together with an amount equal to all accrued and unpaid dividends thereon, up to but excluding the date on which such Series A Preferred Shares are redeemed. The Corporation shall provide not more than 60 days' and not less than 30 days' prior notice of such redemption to each holder of the Series A Preferred Shares to be redeemed.

If less than all outstanding Series A Preferred Shares are at any time to be redeemed, the shares to be redeemed will be selected by lot or in such other equitable manner as the Corporation may determine.

Restrictions on Payment of Dividends and Retirement of Shares

So long as any of the Series A Preferred Shares are outstanding, the Corporation shall not:

- (a) declare or pay or set apart for payment any dividends on the common shares or any other shares of the Corporation ranking junior to the Series A Preferred Shares with respect to payment of dividends, or
- (b) call for redemption, purchase, reduce or otherwise pay off any shares of the Corporation ranking junior to the Series A Preferred Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividend payable on the last preceding respective dividend payment date on the Series A Preferred Shares and all other Preference Shares and all other shares ranking on a parity with the said shares with respect to payment of dividends then outstanding shall have been declared and paid at the date of any such action referred to above.

CAPITALIZATION

The following table sets forth the consolidated capitalization of Enbridge as at September 30, 1998 and as adjusted to give effect to the issuance on November 10, 1998 of 1,750,000 common shares of the Corporation, the issuance on November 13, 1998 of 1,750,000 common shares of the Corporation and the issuance of the Series A Preferred Shares, without deduction of the Underwriters' commission or expenses of the offering, all as more particularly described in Note 1 below. This table should be read in conjunction with the Corporation's consolidated comparative financial statements for the year ended December

31, 1997 and the Corporation's consolidated interim financial statements for the nine month period ended September 30, 1998, which are incorporated by reference into this Prospectus. See "Documents Incorporated by Reference".

	<u>September 30, 1998</u>	
	<u>Actual</u>	<u>As Adjusted⁽¹⁾</u>
	(Millions of dollars)	
Long-term debt ⁽²⁾	\$ 4,421.8	\$ 4,086.2
Shareholders' equity		
Preferred shares	\$ —	\$ 125.0
Common shares	\$ 1,449.3	\$ 1,659.9
Retained earnings and other shareholders' equity	<u>\$ 408.8</u>	<u>\$ 408.8</u>
Total capitalization	<u>\$ 6,279.9</u>	<u>\$ 6,279.9</u>

Notes:

- (1) The as adjusted amounts give effect to the issuance on November 10, 1998 of 1,750,000 common shares, the issuance on November 13, 1998 of 1,750,000 common shares and the issuance of the Series A Preferred Shares.
- (2) Includes current portion.

DIVIDEND AND ASSET COVERAGES

The following dividend and asset coverage ratios are calculated as at December 31, 1997 and September 30, 1998 (in the case of asset coverage) or for the twelve month periods then ended (in the case of dividend coverage), based on audited consolidated financial information of Enbridge with respect to coverages as at and for the twelve month period ended December 31, 1997 and unaudited consolidated financial information of Enbridge with respect to coverages as at and for the twelve month period ended September 30, 1998, in each case adjusted to give effect to the issuance and repayment of long-term debt since December 31, 1997 and September 30, 1998, respectively, and the issuance of the Series A Preferred Shares.

	<u>September 30, 1998</u>	<u>December 31, 1997</u>
Dividend	35.4 times	31.6 times
Net Tangible Asset Coverage:		
Before deduction of recorded deferred income taxes and deferred credits	1.6 times	1.6 times
After deduction of recorded deferred income taxes and deferred credits	1.5 times	1.5 times

CREDIT RATINGS

The Series A Preferred Shares have been provisionally rated P-2 by CBRS Inc. ("CBRS") and Pfd-2 by Dominion Bond Rating Service Limited ("DBRS").

Preferred shares rated P-2 by CBRS are considered to be of good quality. P-2 is the middle of three sub-categories within the second highest ranking of five main categories provided by CBRS. Preferred shares rated Pfd-2 by DBRS are considered upper medium grade credit quality. Pfd-2 is the second highest ranking of five categories of ratings provided by DBRS.

Neither of the foregoing ratings should be construed as a recommendation to buy, sell or hold securities inasmuch as such ratings do not comment as to market, price or suitability for a particular investor. Either of the foregoing ratings may be revised or withdrawn at any time by the respective rating organization.

INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault and Fraser Milner, the following summary fairly presents the principal Canadian federal income tax considerations generally applicable to a purchaser of Series A Preferred Shares who, within the meaning of the *Income Tax Act* (Canada) (the “Act”), is resident in Canada, deals at arm’s length with the Corporation and holds the Series A Preferred Shares as capital property. The Series A Preferred Shares acquired by “financial institutions”, as defined in the Act for purposes of the “mark-to-market” rules, will generally not be held as capital property by such purchasers. Purchasers who do not hold their Series A Preferred Shares as capital property should consult their own tax advisers with respect to their own particular circumstances.

This summary is based upon the current provisions of the Act, the regulations thereunder, all specific proposals to amend the Act and the regulations publicly announced by the Minister of Finance prior to the date hereof (the “Proposed Amendments”) and the administrative practices published by Revenue Canada. This summary assumes that the Proposed Amendments will be enacted as proposed but does not take into account or anticipate any other changes in law, whether by way of judicial, legislative or governmental decision or action, nor does it take into account 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 purchaser. Accordingly, prospective purchasers should consult their own tax advisers with respect to their particular circumstances.

Dividends

Dividends (including deemed dividends) received on the Series A Preferred Shares by an individual 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 by individuals (other than certain trusts) from taxable Canadian corporations.

Dividends (including deemed dividends) on the Series A Preferred Shares received by a corporation will be included in computing the income of the corporation but will generally be deductible in computing the taxable income of the corporation.

A private corporation, as defined in the Act, or any other corporation resident in Canada and controlled, whether because 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 33~~a~~% refundable tax under Part IV of the Act on dividends received (or deemed to be received) on the Series A Preferred Shares to the extent such dividends are deductible in computing its taxable income.

The Series A Preferred Shares will be “taxable preferred shares” as defined in the Act. The terms of the Series A Preferred Shares will require the Corporation to make the necessary election under Part VI.1 of the Act so that corporate shareholders will not be subject to tax under Part IV.1 of the Act on dividends paid (or deemed to be paid) by the Corporation on the Series A Preferred Shares.

Dispositions

A holder who disposes, or is deemed to dispose, of a Series A Preferred Share, subject to the discussion below, will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, less any costs of disposition, exceed (or are exceeded by) the holder’s adjusted cost base of such share. Where a holder of Series A Preferred Shares is a corporation, partnership or trust, a capital loss on the disposition of Series A Preferred Shares may, in certain circumstances, be reduced by the amount of dividends, including deemed dividends, which have been received on such shares.

Generally, three-quarters of any such capital gain will be included in computing the holder’s income as a taxable capital gain and three-quarters of any such capital loss may be deducted from the holder’s taxable capital gains in accordance with the detailed rules in that regard contained in the Act. Taxable capital gains realized by an individual may give rise to a liability for minimum tax. Taxable capital gains of a Canadian-controlled private corporation (as defined in the Act) may be subject to an additional refundable tax at the rate of 6~~b~~%.

Redemption

If the Corporation redeems or repurchases Series A Preferred Shares other than by a purchase in the manner in which shares are normally purchased by a 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 in excess of the paid-up capital (as defined in the Act) of such shares at that time. The difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. Notwithstanding the foregoing, the Act provides that where a corporate shareholder is deemed to receive a dividend under specified circumstances, all or part of such dividend may be treated as proceeds of disposition of capital property and not as a deemed dividend.

ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault and Fraser Milner, based on legislation in effect on the date of this short form prospectus, an investment in the Series A Preferred Shares will not be prohibited, in each case subject to general investment provisions and, in certain cases, subject to prudent investment requirements and to additional requirements relating to investment or lending policies or goals, under or by the following statutes and where applicable, the regulations thereunder:

Insurance Companies Act (Canada)
Insurance Act (Ontario)
an Act respecting insurance (Québec) (in respect of
insurers other than guarantee fund corporations)

Pension Benefits Standards Act, 1985 (Canada)
Employment Pension Plans Act (Alberta)
Supplemental Pension Plans Act (Québec)
Trust and Loan Companies Act (Canada)
Loan and Trust Corporations Act (Ontario)

In the opinion of such counsel, based on legislation in effect on the date of this short form prospectus, the Series A Preferred Shares will at the date of issue be qualified investments under the *Income Tax Act* (Canada) for trusts governed by a registered retirement savings plan, a registered retirement income fund or a deferred profit sharing plan.

TRANSFER AGENT AND REGISTRAR

CIBC Mellon Trust Company, at its principal stock transfer offices in Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver will be the Transfer Agent and Registrar for the Series A Preferred Shares.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon on behalf of the Corporation by McCarthy Tétrault, Calgary and on behalf of the Underwriters by Fraser Milner, Calgary. The partners and associates of McCarthy Tétrault and Fraser Milner, each as a group, beneficially own, directly and indirectly, less than one percent of the outstanding securities of each class of the Corporation and its affiliated corporations.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in several of the provinces provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission 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 THE CORPORATION

Dated: November 17, 1998

The foregoing, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities laws of all of the provinces of Canada. For the purpose of the Province of Québec, this simplified prospectus, as supplemented by the documents incorporated herein by reference, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

(signed) BRIAN F. MACNEILL
President & Chief Executive Officer

(signed) DEREK P. TRUSWELL
Senior Vice President & Chief Financial Officer

On behalf of the Board of Directors:

(signed) DONALD J. TAYLOR
Director

(signed) F. WILLIAM FITZPATRICK
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: November 17, 1998

To the best of our knowledge, information and belief, the foregoing, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities laws of all of the provinces of Canada. For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, as supplemented by the documents incorporated herein by reference, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

TD SECURITIES INC.

By: (signed) MARK HERMAN

NESBITT BURNS INC.

By: (signed) JOHN ABBOTT

SCOTIAMcLEOD INC.

By: (signed) DANIEL D. BARCLAY

LÉVESQUE BEAUBIEN GEOFFRION INC.

By: (signed) ALEXANDER A. KERKOVIOUS

CIBC WOOD GUNDY SECURITIES INC.

By: (signed) ARTHUR KORPACH

MERRILL LYNCH CANADA INC.

By: (signed) RORY TYLER

The following includes the name of every person or company having an interest, either directly or indirectly, to the extent of not less than five percent in the capital of:

TD SECURITIES INC.: a wholly-owned subsidiary of a Canadian chartered bank;

NESBITT BURNS INC.: a wholly-owned subsidiary of The Nesbitt Burns Corporation Limited, a majority-owned subsidiary of a Canadian chartered bank;

SCOTIAMcLEOD INC.: a wholly-owned subsidiary of a Canadian chartered bank;

LÉVESQUE BEAUBIEN GEOFFRION INC.: a wholly-owned subsidiary of Lévesque, Beaubien and Company Inc., a majority-owned subsidiary of a Canadian chartered bank;

CIBC WOOD GUNDY SECURITIES INC.: a wholly-owned subsidiary of a Canadian chartered bank; and

MERRILL LYNCH CANADA INC.: indirectly, a wholly-owned subsidiary of Merrill Lynch & Co. Inc.