

Effective September 1, 2015, the closing date of the Canadian Restructuring Plan, Enbridge transferred the Regional Oil Sands System to the Fund Group – see *Canadian Restructuring Plan*. The Regional Oil Sands System assets and results are reported under the Sponsored Investments segment from the date of transfer.

The Athabasca Pipeline is a 540-kilometre (335-mile) synthetic and heavy oil pipeline. Built in 1999, it links the Athabasca oil sands in the Fort McMurray region to the major Alberta pipeline hub at Hardisty, Alberta. The Athabasca Pipeline's capacity is 570,000 bpd after completion of a pipeline expansion in December 2013. The Company has long-term take-or-pay and non take-or-pay agreements with multiple shippers on the Athabasca Pipeline. Revenues are recorded based on the contract terms negotiated with the major shippers, rather than the cash tolls collected.

The Waupisoo Pipeline is a 380-kilometre (236-mile) synthetic and heavy oil pipeline that entered service in 2008 and provides access to the Edmonton market for oil sands producers. The Waupisoo Pipeline originates at the Cheecham Terminal and terminates at the major Alberta pipeline hub at Edmonton. The pipeline has a capacity of 550,000 bpd, depending on crude slate. The Company has long-term take-or-pay commitments with multiple shippers on the Waupisoo Pipeline who have collectively contracted for 80% to 90% of the capacity, subject to some short-term variability dependent on the timing of when certain shippers' commitments expire and commence.

Results of Operations

Regional Oil Sands System adjusted earnings for the year ended December 31, 2015 were \$108 million compared with \$181 million for the year ended December 31, 2014. The decrease in adjusted earnings was primarily due to the transfer of the Regional Oil Sands System to the Fund Group, within the Sponsored Investments segment. Following the close of the Canadian Restructuring Plan on September 1, 2015, the results of Regional Oil Sands System are no longer reported in the Liquids Pipelines segment, but are captured in the financial results of the Fund Group within Sponsored Investments – see *Sponsored Investments – The Fund Group*.

Prior to the closing of the Canadian Restructuring Plan on September 1, 2015, Regional Oil Sands System adjusted earnings were lower compared with the corresponding 2014 period and reflected a reduction in contracted volumes on the Athabasca Mainline, mitigated in part by higher uncommitted volumes on this pipeline. Higher depreciation expense from a larger asset base and higher interest expense also contributed to a decrease in period-over-period adjusted earnings. These negative effects were partially offset by higher earnings from assets placed into service in 2014 and 2015, including the Sunday Creek Terminal and Woodland Pipeline Extension projects that were placed into service in the third quarter of 2015 as well as Norealis Pipeline which was completed in April 2014. These trends continued into September as well as in the fourth quarter of 2015, with higher earnings from assets placed into service in the third quarter of 2015 partially offset by higher depreciation and interest expenses related to these assets, as well as the continuing impacts of the reduction in contracted volumes on the Athabasca Mainline. The Regional Oil Sands System adjusted earnings for the month of September and the fourth quarter of 2015 are reflected in the Fund Group, whereas adjusted earnings for the comparative 2014 periods were reflected in Liquids Pipelines.

Regional Oil Sands System adjusted earnings for the year ended December 31, 2014 were \$181 million compared with \$170 million for the year ended December 31, 2013. Adjusted earnings growth in 2014 was primarily driven by contributions from the Norealis Pipeline which was completed in April 2014, higher throughput on the Athabasca Pipeline and higher capital expansion fee revenue from the Waupisoo Pipeline. Partially offsetting the increase in adjusted earnings were higher depreciation expense from a larger asset base and higher operating and administrative, interest and tax expenses from increased operational activities.

