

## LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

We had another financially strong year in 2007. Earnings were \$700.2 million or \$1.97 per common share, up 14% compared with \$615.4 million or \$1.81 per common share in 2006. Adjusted earnings per share increased approximately 3% to \$1.79, which was consistent with our guidance range and reflects solid operating performance in all our core businesses despite the impact of a weaker U.S. dollar.

Enbridge's Board of Directors increased the annual dividend by 7% in February 2008, the thirteenth annual increase since 1996. Total shareholder return was approximately 3% last year, and has averaged 13% over the past 10 years and more than 13% over the past 54 years. Few companies in North America have such a consistently strong track record.

Enbridge exceeded its strategic objectives in 2007. We brought in more new business than

in any prior year in the Company's history, securing commercial agreement on over \$5 billion in growth projects. Added to the \$7 billion of projects already in our portfolio and a potential \$15 billion second wave of growth, we now have a huge pipeline of opportunities that has the potential to deliver outstanding shareholder value for many years to come.

We are now fully engaged in building \$12 billion in Liquids Pipelines projects that will come into service starting this year and through to 2011 and will add significantly to cash flows and earnings. All of these projects are commercially secured and many feature capital cost protection, which means returns are attractive and highly predictable. This is the largest capital program in the Company's history.

In 2007, we added close to 500 new employees to support our growth plans. Our thanks go to all of our employees for contributing to the Company's success in 2007 and for setting the stage for the growth to come.

Our current energy delivery infrastructure is very well positioned to serve growing sources of supply and new market demand.



**David A. Arledge**

Chair of the  
Board of Directors



**Patrick D. Daniel**

President &  
Chief Executive Officer

**Enbridge today is growing at an unprecedented pace** and we can predict where, when and how much growth is coming our way.

Today, Enbridge moves 62% of Canada's oil exports to the U.S., representing 11% of the U.S.'s daily crude oil imports and making us the largest single conduit of crude oil into the U.S. We believe Canada and Enbridge stand to play an even larger role in the future in providing U.S. markets with a secure, reliable and growing source of crude oil supply. The primary source of supply growth in Canada is northern Alberta's oil sands, which is now the largest resource play in the world.

Our liquids pipelines are 'hard-wired' between the oil sands and the U.S. refining markets. Our strategy is to broaden access to those refining markets for growing oil sands production, which is forecast to triple by 2016.

Over the next four years, we plan to complete \$12 billion of new major projects, including:

- The Waupisoo Pipeline (capital expenditure: \$0.6 billion) from the oil sands to Edmonton.
- The Southern Access Expansion in the U.S. and Canada (US \$2.1 billion and \$0.3 billion, respectively).
- The Southern Access Extension (US \$0.5 billion) will expand access to the crude oil hub at Patoka, Illinois.
- The Alberta Clipper project in Canada and the U.S. (\$2 billion and US \$1 billion, respectively) will provide additional capacity to our mainline system.
- We are also now building our Southern Lights Pipeline (US \$2.2 billion), which will provide capacity to transport diluent from Chicago to Alberta's oil sands producers.
- In late 2007, we announced the Fort Hills Project (\$2 billion) to develop pipeline and terminaling facilities for the Fort Hills, Alberta, oil sands project (subject to final approvals).

In addition, we are competing for another \$15 billion of opportunities that would come into service from 2011 onward. These include mainline expansions, new market access through mainline extensions, regional pipelines and contract terminaling.

One of these projects is the Texas Access Pipeline, a proposal to transport crude oil from Alberta to the Texas Gulf Coast. Enbridge and Exxon Mobil Corporation began soliciting binding shipper commitments for Texas Access in late 2007.

Enbridge's gas pipeline and distribution assets also made solid contributions to cash flow and earnings per share in 2007. Both are positioned strategically for growth.

Our major interests in the Alliance and Vector pipelines, which today move natural gas from Western Canada to Chicago and southern Ontario, are both fully contracted to 2015. Vector, which completed one expansion in 2007, is now planning another to be in service by 2009. We are also growing our natural gas gathering, processing and transmission infrastructure in the Gulf of Mexico, where Enbridge transports approximately 40% of all current deepwater natural gas production.

Through our interest in Enbridge Energy Partners, we are very active in the development of gas gathering and processing infrastructure in the Barnett Shale, Bossier and Anadarko gas plays.

Enbridge Gas Distribution (EGD) is Canada's largest natural gas distribution utility with 1.8 million customers and the second fastest growing gas distribution company in North America. We are adding about 45,000 customers every year on the strength of our franchise in metropolitan Toronto. Incentive regulation will be introduced this year, positioning EGD to generate even more value.

Our investments in Colombia and Spain again performed well in 2007 and we are pleased with the contributions they are making.

Enbridge has long advocated for renewable and alternative energy and energy efficiency. Our new wind farm in Ontario is under construction and is scheduled to begin producing electricity during the latter half of this year. This is our fourth wind farm and, when completed, will be the second largest in Canada.

Enbridge takes the issue of climate change very seriously. In February this year, we announced Enbridge will lead a group of 20 energy industry participants to explore development of a large-scale commercial carbon dioxide sequestration operation.

The health and safety of our employees, contractors and the public is a critical measure of our performance. Everyone at Enbridge was deeply saddened that two tragic accidents in 2007 claimed the lives of a customer in Toronto, Ontario, and two Enbridge employees, Dave Mussati Jr. and Steve Arnovich, based in Superior, Wisconsin. The people of Enbridge will never rest in our efforts to live up to our commitment of protecting the health and safety of all individuals affected by our activities.

We are very pleased to welcome Catherine L. Williams to the Board of Directors, effective November 2007. Ms. Williams has extensive experience in the energy sector. The Board wishes to greatly thank Donald Taylor, who retired from the Board in May 2007, for his many years of dedicated service.

In January 2008, we announced changes in our senior management team and we are confident this new structure, coupled with the dedication and drive of all our employees, will help us successfully deliver on our strategy.

The number and scale of the low-risk, high-return opportunities we have before us is unprecedented. We are focused on excellence in the execution of our expansion projects. We have never been more confident in our ability to create value for our customers and for you, our shareholders.

On behalf of the Board,



**David A. Arledge**  
Chair of the Board of Directors



**Patrick D. Daniel**  
President and Chief Executive Officer

March 10, 2008