

TERMS OF REFERENCE FOR THE AUDIT, FINANCE & RISK COMMITTEE

I. CONSTITUTION

There shall be a committee, to be known as the Audit, Finance & Risk Committee (the "Committee"), of the Board of Directors of Enbridge Inc.

II. MEMBERSHIP

Following each annual meeting of shareholders of the Corporation, the Board shall elect from its members, not less than three (3) Directors to serve on the Committee (the "Members"). The Members and the Chair of the Committee are elected by the Board following the nomination of Directors by the Governance Committee. No Member of the Committee shall be an officer or employee of the Corporation or any of the Corporation's affiliates. All members of the Committee shall, in the judgment of the Board, be unrelated and independent and shall satisfy applicable stock exchange and legal requirements. Determinations on whether a Director meets the requirements for membership on the Committee shall be made by the Board. At least one member of the Committee shall be a "financial expert" as determined by the Board and as defined by American legal or regulatory requirements. No Director may serve as a member of the Committee if such Director also serves on the audit committees of more than two other public entities unless the Board determines that such simultaneous service would not impair the ability of such Director to effectively serve on the Committee.

Any Member may be removed or replaced at any time by the Board and shall cease to be a Member upon ceasing to be a Director of the Corporation. Each Member shall hold office until the close of the next annual meeting of Shareholders of the Corporation or until the Member ceases to be a Director, resigns or is replaced, whichever first occurs. Vacancies may be filled by the Board with nominees approved by the Governance Committee.

III. MEETINGS

The Committee shall convene at such times and places designated by its Chair or whenever a meeting is requested by a Member, the Board, an officer, the internal auditor or the external auditors of the Corporation. A minimum of twenty-four (24) hours notice of each meeting shall be given to each Member and to the internal and external auditors.

A majority of the committee shall be duly convened if all Members are present, or at least a majority of the Members are present. A quorum at a meeting shall consist of at least a majority of Members. Where the Members consent, and proper notice has been given or waived, Members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a Member participating in such a meeting by any such means is deemed to be present at that meeting.

In the absence of the Chair of the Committee, the Members may choose one (1) of the Members to be the Chair of the meeting.

At the invitation of a Member, other Board members, officers or employees of the Corporation, the external auditors, external counsel and other experts or consultants may attend any meeting of the Committee.

Members of the Committee may meet separately with any member of management, the external auditors, the internal auditor, internal or external counsel or any other expert or consultant.

Minutes shall be kept of all meetings of the Committee.

IV. FUNDING

The Corporation shall provide appropriate funding, as determined by the Committee, for the payment of compensation to the external auditors and any independent counsel, experts or advisors employed by the Committee and administrative expenses of the Committee.

V. REVIEW OF CHARTER

The Committee shall review and reassess the adequacy of its Terms of Reference at least annually and propose recommended changes to the Board.

VI. DUTIES AND RESPONSIBILITIES OF THE CHAIR

The Chair is responsible for:

- A. convening Committee meetings and designating the times and places of those meetings;
- B. ensuring Committee meetings are duly convened and that quorum is present when required;
- C. working with Management on the development of agendas and related materials for the Committee meetings;
- D. ensuring Committee meetings are conducted in an efficient, effective and focused manner;
- E. ensuring the Committee has sufficient information to permit it to properly make decisions when decisions are required;
- F. providing leadership to the Committee and to assist the Committee in reviewing and monitoring its responsibilities; and
- G. reporting to the Board on the recommendations and decisions of the Committee.

VII. DUTIES AND RESPONSIBILITIES

The Committee provides assistance to the Board in fulfilling its oversight responsibility to the shareholders, the investment community and others, relating to the integrity of the Corporation's financial statements and the financial reporting process, the management information systems and financial controls, the internal audit function, the external auditors' qualifications, independence, performance and reports, the Corporation's compliance with legal and regulatory requirements and the risk identification, assessment and management program. In so doing, it is the Committee's responsibility to maintain an open avenue of communication between the Committee, the external auditors, the internal auditors and management of the Corporation.

Management is responsible for preparing the interim and annual financial statements and financial disclosure of the Corporation and for maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, executed, recorded and reported properly. The Committee's role is to provide meaningful and effective oversight and counsel to management without assuming responsibility for management's day-to-day duties.

In performance of its duties and responsibilities, the Committee shall have the right as it determines necessary to carry out its duties to engage independent counsel, experts and other advisors, to inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates, and to discuss with the officers of the Corporation, its subsidiaries and affiliates, the internal auditor and the external auditors, such accounts, records and other matters as any Member considers appropriate.

The Committee shall have the following specific duties and responsibilities:

A. DUTIES AND RESPONSIBILITIES RELATED TO THE EXTERNAL AUDITORS.

The Committee shall:

- (i) (a) be responsible for the appointment, compensation, oversight, retention and termination of the external auditors who shall report directly to the Committee, provided that the appointment of the auditor shall be subject to shareholder approval; and
- (b) be responsible for the appointment, compensation, oversight, retention and termination of any other registered public accounting firm for audit, review or attestation services;
- (ii) review and approve the terms of the external auditors' annual engagement letter, including the proposed audit fees;
- (iii) review and approve all engagements for audit services and non-audit services to be provided by the external auditors and, as necessary, consider

the potential impact of such services on the independence of the external auditors;

- (iv) review and discuss with the external auditors all relationships that the external auditors and their affiliates have with the Corporation and its affiliates in order to determine the external auditors' independence;
- (v) at least annually, obtain and review a report by the external auditors describing the firm's internal quality-control procedures, any material issues raised by the most recent internal quality-control review or peer review of the firm or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the external auditors and any steps taken to deal with any such issues and all relationships between the external auditors and the Corporation;
- (vi) resolve disagreements, if any, between management and the external auditors regarding financial reporting;
- (vii) inform the external auditors and management that the external auditors shall have access directly to the Committee at all times, as well as the Committee to the external auditors and that the external auditors are ultimately accountable to the Committee as representatives of the shareholders of the Corporation;
- (viii) discuss with management and the external auditors any correspondence from or with regulators or governmental agencies, any employee complaints or any published reports that raise material issues regarding the Corporation's financial statements or accounting policies; and
- (ix) establish hiring policies for employees or former employees of the external auditors.

B. DUTIES AND RESPONSIBILITIES RELATED TO AUDITS AND FINANCIAL REPORTING.

The Committee shall:

- (i) review the engagement terms and the audit plan with the external auditors and with the Corporation's management;
- (ii) review with management and the Corporation's external auditors the Corporation's financial reporting in connection with the annual audit and the preparation of the financial statements, including, without limitation, the judgment of the external auditors as to the quality, not just the acceptability of, and the appropriateness of the Corporation's accounting principles as applied in its financial reporting and the degree of aggressiveness or

- conservatism of the Corporation's accounting principles and underlying estimates;
- (iii) review with management and the external auditors and make recommendations to the Board on all financial statements and financial disclosure which require approval by the Board including:
 - (a) the Corporation's annual financial statements including the notes thereto and "Management's Discussion and Analysis";
 - (b) any report or opinion to be rendered in connection therewith;
 - (c) any change or initial adoption in accounting policies and their applicability to the business;
 - (d) any audit problems or difficulties and management's response;
 - (e) all significant adjustments proposed by the external auditors; and
 - (f) satisfying itself that there are no unresolved issues between management and the external auditors that could reasonably be expected to materially affect the financial statements.
 - (iv) review the Corporation's interim financial results, including the notes thereto and "Management's Discussion and Analysis" with management and the external auditors and approve the release thereof by management or recommend approval thereof to the Board for release by the Board;
 - (v) review annually the approach taken by management in the preparation of earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
 - (vi) discuss with the external auditors their perception of the Corporation's internal audit and accounting personnel, and any recommendations which the external auditors may have;
 - (vii) review with management, the external auditors and, as necessary, internal and external legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters may be, or have been, disclosed in the financial statements;
 - (viii) review with management and monitor the funding exposure of the Corporation under the Corporation's pension plans and review annually and approve the annual report and financial statements applicable to each of the pension plans;
 - (ix) annually or more frequently as deemed necessary, meet separately with management and the external auditors, and at least annually with the internal

auditors, to review issues and matters of concern respecting audits and financial reporting processes;

- (x) review with the Corporation's management and, as deemed necessary, review with the external auditors, any proposed changes in or initial adoption of accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of the Corporation's management that may be material to financial reporting;
- (xi) review with the Corporation's management and, as deemed necessary, with the external auditors, significant financial reporting issues arising during the fiscal period, including the methods of resolution;
- (xii) review any problems experienced by the external auditors in performing an audit, including any restrictions imposed by the Corporation's management or significant accounting issues on which there was a disagreement with the Corporation's management;
- (xiii) review the post-audit or management letter containing the recommendations of the external auditors and the response of the Corporation's management, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation (in respect of the scope of review of internal controls by the external auditors, the review is carried out to enable the external auditors to express an opinion on the Corporation's financial statements);
- (xiv) review before release relevant public disclosure documents containing audited or unaudited financial information, including annual and interim earnings press releases, prospectuses, the Annual Information Form, and the Management's Discussion and Analysis disclosure;
- (xv) review, in conjunction with the Human Resources & Compensation Committee, the appointment of the chief financial officer;
- (xvi) inquire into and determine the appropriate resolution of conflicts of interest in respect of audit, finance or risk matters between or among an officer, Director, shareholder, the internal auditors, or the external auditors, which are properly directed to the Committee by the Chair of the Board, the Board, a shareholder, the internal auditors, the external auditors, or the Corporation's management; and
- (xvii) as deemed necessary by the Committee, inquire into and examine matters relating to the financial affairs of the Corporation, its subsidiaries or affiliates, or any of them, including the review of subsidiary or affiliate Audit Committee reports.

C. DUTIES AND RESPONSIBILITIES RELATED TO FINANCIAL REPORTING PROCESSES AND INTERNAL CONTROLS

The Committee shall:

- (i) review the adequacy and effectiveness of the accounting and internal control policies of the Corporation and procedures through inquiry and discussions with the external auditors, management, and the internal auditor;
- (ii) review with management the Corporation's administrative, operational and accounting internal controls, including controls and security of the computerized information systems, and evaluate whether the Corporation is operating in accordance with prescribed policies, procedures and the Statement on Business Conduct;
- (iii) annually or more frequently if deemed necessary, meet separately with the external auditor, the head of the internal audit group and management, to review issues and matters of concern respecting financial reporting processes and internal controls;
- (iv) review with management and the external auditors any reportable conditions, material weaknesses and significant deficiencies affecting internal control;
- (v) establish and maintain free and open means of communication between and among the Committee, the external auditors, the internal auditor and management;
- (vi) review at least annually with the internal auditor the Corporation's internal control procedures, and the scope and plans for the work of the internal audit group; and
- (vii) review the adequacy of resources of the internal auditor and ensure that the internal auditor has unrestricted access to all functions, records, property and personnel of the Corporation and inform the internal auditors and management that the internal auditors shall have unfettered access directly to the Committee at all times, as well as the Committee to the internal auditors.

D. DUTIES AND RESPONSIBILITIES RELATED TO FINANCE.

The Committee shall:

- (i) review and as required, approve or recommend for approval to the Board, prospectuses and documents, where practicable, which may be incorporated by reference into a prospectus;
- (ii) review the issuance of equity or debt securities by the Corporation, and if deemed appropriate, authorize the filing with securities regulatory authorities

of any prospectus, prospectus supplement or other documentation relating thereto; and

- (iii) review and recommend for approval to the Board the annual management information circular with respect to matters related to the auditor, affecting the capital of the Corporation or principal risks to be managed by the Corporation.

E. DUTIES AND RESPONSIBILITIES RELATED TO RISK MANAGEMENT

The Committee shall:

- (i) review at least annually with senior management, internal counsel and, as necessary, external counsel and the Corporation's internal and external auditors:
 - (a) the Corporation's method of reviewing major risks inherent in the Corporation's businesses, facilities, and strategic directions, including the Corporation's risk management and evaluation process (in respect of risk management evaluations and guidelines relating to environment, health and safety matters, the Committee shall consult with and, as deemed necessary, review the recommendations of the Environment, Health & Safety Committee);
 - (b) the strategies and practices applicable to the Corporation's assessment, management, prevention and mitigation of risks (including the foreign currency and interest rate risk strategies, counterparty credit exposure, the use derivative instruments, insurance and adequacy of tax provisions);
 - (c) the Corporation's annual insurance report including the risk retention philosophy and resulting uninsured exposure, if any,
 - (d) the loss prevention policies, risk management programs, disaster response and recovery programs, corporate liability protection programs for Directors and officers, and standards and accountabilities of the Corporation in the context of competitive and operational considerations.

F. OTHER DUTIES OF AUDIT, FINANCE & RISK COMMITTEE

The Committee shall, as required, or as deemed necessary by the Committee:

- (i) review senior management's expense report summaries of the officers and Directors of the Corporation, and review senior management's report summaries concerning corporate aircraft usage;
- (ii) meet separately with senior management, the internal auditors, the external auditors and, as is appropriate, internal and external legal counsel and

independent advisors in respect of issues not elsewhere listed concerning any other audit, finance and risk matters;

- (iii) review incidents or alleged incidents as reported by senior management, audit services, the external auditor, the Corporate Secretary, the law department, or otherwise of fraud, illegal acts and conflicts of interest;
- (iv) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- (v) report to the Board after each Committee meeting, as required during the year, with respect to the Committee's activities and recommendations;
- (vi) address any other matter properly referred to the Committee by the Chair of the Board, the Board, a Director, the internal auditors, the external auditors, the CEO, or the management of the Corporation or any other matter as may be required under stock exchange rules or by law;
- (vii) in conjunction with the Governance Committee, conduct an annual performance evaluation of the Committee; and
- (viii) the Committee shall, in conjunction with Management, coordinate the performance of its duties concerning:
 - (a) the external auditor;
 - (b) audits and financial reporting;
 - (c) financial reporting processes and internal controls;
 - (d) finance;
 - (e) risk management; and
 - (f) with any audit committee of a subsidiary corporation, respecting the independence of such subsidiary directors and managing to ensure efficiency, effectiveness and consistency of approach with such subsidiary.

VIII. COMMITTEE TIMETABLE

The major annual activities of the Committee shall be outlined in an annual schedule.

IX. DELEGATION TO SUBCOMMITTEE

The Committee may, in its discretion, delegate all or a portion of its duties and

responsibilities to a subcommittee of the Committee. The Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be performed by the external auditors, provided that any such approvals are presented to the Committee at its next scheduled meeting.