

**For the nine months ended September 30, 2003**

**Enbridge reports earnings of \$639.9 million  
for the nine months ended September 30, 2003**

On October 30, 2003, Enbridge Inc. announced earnings applicable to common shareholders of \$639.9 million for the nine months ended September 30, 2003, or \$3.87 per share, compared with \$542.5 million, or \$3.42 per share, for the same period in 2002.

Earnings for the three months ended September 30, 2003 are \$90.7 million, or \$0.54 per share, compared with a loss of \$3.9 million, or \$0.03 per share, for the same period in 2002.

The 2003 results include a \$169.1 million gain on the transfer of assets to Enbridge Income Fund (EIF), whereas the prior year reflected a \$240.0 million gain on the sale of the retail services business, both after-tax and recorded in the respective second quarters. The third quarter of 2002 included a \$76.3 million after-tax writedown of the Enbridge Midcoast Energy assets. Excluding these gains and the writedown, earnings have improved significantly from the prior year. This is primarily a result of higher natural gas volumes on the gas distribution system due to colder than normal weather, higher earnings from additional interests in the Alliance Pipeline and higher earnings on the Enbridge crude oil system following the Terrace expansion.

Enbridge President & Chief Executive Officer Patrick D. Daniel noted, "The third quarter again highlights Enbridge's ability to generate consistent and sustained earnings growth from its low risk infrastructure asset base. Earnings per share for the nine months, after excluding significant non-recurring factors, are higher by approximately 8% on a year over year basis. Looking forward, robust continental energy demand fundamentals and increasing energy supply from Canada will support continued growth. Enbridge is positioned to benefit from these fundamentals and has a significant inventory of new projects that are in various stages of development."

On October 30, 2003, the Enbridge Board of Directors declared quarterly dividends of \$0.415 per common share and \$0.34375 per Series A Preferred Share. Both dividends are payable on December 1, 2003 to shareholders of record on November 14, 2003.

**SHAREHOLDER INFORMATION**

**Registrar and Transfer Agent in Canada**

Inquiries regarding the Dividend Reinvestment and Share Purchase Plan, change of address, share transfer, lost certificates, dividends, and duplicate mailings should be directed to:

CIBC Mellon Trust Company  
199 Bay Street  
Commerce Court West, Securities Level  
Toronto, Ontario M5L 1G9  
Telephone: (416) 643-5000  
Toll free: (800) 387-0825

**Dividend Reinvestment & Share Purchase Plan**

Enbridge Inc. offers a Dividend Reinvestment and Share Purchase Plan that enables shareholders to reinvest their cash dividends in common shares, or to make

optional cash payments to purchase additional shares, in either case free of brokerage to make optional cash payments to purchase additional shares, in either case free of brokerage or other charges. Share purchase cut-off for the 2003 fourth quarter optional cash payment to purchase additional shares is November 24, 2003.

**Investor Relations**

Shareholder inquiries regarding the Company's financial and operating performance should be directed to:

Investor Relations  
Enbridge Inc.  
3000, 425 – 1<sup>st</sup> Street S.W.  
Calgary, Alberta, Canada T2P 3L8  
Toll free: (800) 481-2804  
Internet: [www.enbridge.com](http://www.enbridge.com)

October 30, 2003

## ENBRIDGE INC.

**Management's Discussion & Analysis**  
**September 30, 2003**

*This discussion should be read in conjunction with the unaudited consolidated financial statements of Enbridge Inc. as at and for the three and nine months ended September 30, 2003.*

**Consolidated Earnings/(Loss)**

<i>(millions of Canadian dollars)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	<b>2003</b>	2002	<b>2003</b>	2002
Energy Transportation North	<b>78.4</b>	61.7	<b>395.4</b>	182.9
Energy Transportation South	<b>7.1</b>	(60.2)	<b>31.8</b>	(38.6)
Gas Distribution and Services	<b>6.3</b>	(1.9)	<b>209.2</b>	137.3
International	<b>17.9</b>	16.4	<b>52.1</b>	50.4
Corporate	<b>(19.0)</b>	(19.9)	<b>(48.6)</b>	(31.8)
	<b>90.7</b>	(3.9)	<b>639.9</b>	300.2
Discontinued Operations	-	-	-	242.3
	<b>90.7</b>	(3.9)	<b>639.9</b>	542.5

Earnings applicable to common shareholders are \$639.9 million for the nine months ended September 30, 2003, or \$3.87 per share, compared with \$542.5 million, or \$3.42 per share, for the comparable nine months of 2002.

Earnings applicable to common shareholders for the three months ended September 30, 2003 are \$90.7 million, or \$0.54 per share, compared with a loss of \$3.9 million, or \$0.03 per share, for the three months ended September 30, 2002.

Significant factors and variances affecting consolidated earnings are as follows:

- Energy Transportation North includes a \$169.1 million after-tax gain on the sale of assets to Enbridge Income Fund (EIF) recorded in the second quarter of 2003.
- Energy Transportation South included a \$76.3 million after-tax writedown of the Enbridge Midcoast Energy assets recorded in the third quarter of 2002.
- Energy Transportation South includes a \$9.2 million dilution gain on an Enbridge Energy Partners, L.P. (EEP) unit issuance in the second quarter of 2003, whereas the prior year included a \$6.1 million dilution gain in the first quarter.
- Gas Distribution and Services includes the positive effect of colder than normal weather of \$44.2 million in 2003, including \$2.5 million in the third quarter. In the nine months ended September 30, 2002, warm weather negatively affected earnings by \$29.4 million; however, during the third quarter the weather was colder, which increased earnings by \$10.0 million. The positive weather effect in 2003 is partially offset by a \$7.1 million regulatory disallowance related to a prior year and recorded in the first quarter of 2003.
- Corporate included a \$17.8 million after-tax gain on a sale of marketable securities recorded in the first quarter of 2002.

- The second quarter of each year includes the effect of the Alberta 0.5% tax rate reductions. The 2003 results also include the effect of a higher federal future tax rate since federal surtax will apply when large corporations tax is eliminated. These tax rate changes result in a \$7.1 million net charge to earnings in the second quarter of 2003 compared with a net recovery of \$1.4 million in the comparable period of the prior year.
- Discontinued operations included a \$240.0 million after-tax gain on the sale of the retail energy services business in 2002.

Operating factors that enhance earnings in 2003 include the additional ownership interest in Alliance, Terrace Phase III, which was placed into service April 1, 2003, improved results from gas service activities and higher earnings from EEP and CLH of Spain. These positive factors are partially offset by the absence of earnings from Enbridge Midcoast Energy, sold in October 2002 to an affiliate of Enbridge, and an increased loss from Aux Sable.

## RECENT DEVELOPMENTS

### *Spearhead Pipeline*

In September 2003, Enbridge closed the previously announced acquisition of a 90% interest in the Cushing to Chicago Pipeline System from BP Pipelines North America Inc. for US\$122 million. Of the total purchase price, US\$57 million was paid on the date of acquisition. The remaining US\$65 million will be paid, at the option of Enbridge, prior to the reversal of the flow of the primarily inactive pipeline but no later than December 31, 2004. Construction to reverse the flow will commence when shipper support is confirmed and is expected to be complete by January 1, 2005 at a cost of approximately US\$20 million. Upon reversal, this pipeline will provide Canadian producers with the ability to transport Canadian crude oil south from Chicago to Cushing.

### *Vector Pipeline*

On October 1, 2003, Enbridge closed the acquisition of an additional 15% interest in the Vector Pipeline from Duke Energy for US\$72.5 million including the assumption of Duke's US\$45.6 million partner loan to Vector. Enbridge now has a 60% interest in the Vector Pipeline and shares joint control with DTE Energy which owns the remaining 40%.

## OUTLOOK

On October 10, 2003, the Company received a written decision from the Ontario Energy Board (OEB) in respect of the Enbridge Gas Distribution Inc. (Enbridge Gas) fiscal 2004 rate application. Rates in 2004 will increase 1.8% above 2003 rates. The decision includes a 50/50 sharing mechanism with ratepayers should Enbridge Gas exceed the benchmark return on equity of 9.69% on a weather normalized basis. A decision on the hearings with respect to operation and maintenance expense outsourcing and the review of the OEB formula for setting return on equity remain outstanding, pending a decision by the OEB, and it is uncertain as to how these decisions will impact 2004 rates.

The Company has previously provided guidance for full year 2003 earnings per common share of \$2.80-\$2.90, excluding significant non-recurring factors. The Company expects full year 2003 earnings per common share in the lower half of that range.



## FINANCIAL RESULTS

### *Energy Transportation North*

#### Earnings

<i>(millions of Canadian dollars)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	<b>2003</b>	2002	<b>2003</b>	2002
Enbridge System	<b>43.2</b>	33.9	<b>113.5</b>	102.2
Athabasca System	<b>12.1</b>	11.1	<b>35.2</b>	30.6
NW System	<b>2.1</b>	2.7	<b>6.2</b>	7.1
Saskatchewan System	-	1.6	<b>3.1</b>	4.9
Alliance Pipeline (US)	<b>9.3</b>	4.5	<b>27.0</b>	13.8
Alliance Pipeline (Canada)	-	4.7	<b>19.6</b>	15.2
Vector Pipeline	<b>1.7</b>	2.6	<b>6.0</b>	5.0
Enbridge Income Fund	<b>7.5</b>	-	<b>7.5</b>	-
Other	<b>2.5</b>	0.6	<b>8.2</b>	4.1
	<b>78.4</b>	61.7	<b>226.3</b>	182.9
Gain on sale of assets to Enbridge Income Fund	-	-	<b>169.1</b>	-
	<b>78.4</b>	61.7	<b>395.4</b>	182.9

Earnings are \$395.4 million for the nine months ended September 30, 2003, an increase of \$212.5 million over the same period in 2002. The results include a \$169.1 million after-tax gain on the sale of the Saskatchewan System and the 50% interest in Alliance Pipeline (Canada) to EIF, effective June 30, 2003. The results also reflect higher earnings from the Enbridge System, Athabasca System, Alliance Pipeline and Vector Pipeline.

Enbridge System earnings include incremental earnings from Terrace as Phase III was placed into service on April 1, 2003. To a lesser degree, the timing of operating and maintenance expenses also favourably impacted earnings in the third quarter of 2003.

Higher earnings from the Athabasca System are primarily the result of the completion of additional facilities and tankage.

Alliance Pipeline (US) earnings reflect the additional ownership interests of 15.7% acquired in the fourth quarter of 2002, 1.1% in March 2003 and 11.8% in April 2003, of which 1.1% is expected to close in the fourth quarter of 2003.

Vector earnings for the nine months ended September 30, 2003 reflect increased volumes due to both colder than normal weather in eastern Canada and higher storage injections. This increase is offset in part by the cumulative effect of a change in depreciable life from 20 to 25 years in accordance with FERC guidelines which was recorded in the third quarter of 2002.

EIF commenced operations July 1, 2003 and the earnings from this investment more than offset the 2002 third quarter earnings from the Saskatchewan System and Alliance Pipeline (Canada), which are now included in EIF. However, the interest in Alliance Pipeline (Canada) was only 21.4% in 2002 and had increased to 50% prior to the disposition to EIF.

Earnings for the three months ended September 30, 2003 are \$78.4 million, an increase of \$16.7 million from the same period last year. The three month results include the incremental earnings from Terrace Phase III and higher earnings from Alliance Pipeline (US) resulting from the increased ownership interest. To a lesser degree, the timing of operating and maintenance expenses on the Enbridge System also favourably impacted earnings in the third quarter of 2003. Earnings for the third quarter of 2003 also include the results of EIF, offset by the absence of earnings from the Saskatchewan System and Alliance Canada which were sold to EIF.

### **Energy Transportation South**

#### **Earnings/(Loss)**

<i>(millions of Canadian dollars)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	<b>2003</b>	2002	<b>2003</b>	2002
Enbridge Energy Partners	<b>6.0</b>	4.5	<b>19.7</b>	13.3
Feeder Pipelines and Other	<b>1.1</b>	2.7	<b>2.9</b>	7.1
Enbridge Midcoast Energy	-	8.9	-	11.2
Enbridge Energy Partners dilution gain	-	-	<b>9.2</b>	6.1
	<b>7.1</b>	16.1	<b>31.8</b>	37.7
Writedown of Enbridge Midcoast Energy assets	-	(76.3)	-	(76.3)
	<b>7.1</b>	(60.2)	<b>31.8</b>	(38.6)

Earnings are \$31.8 million for the first nine months of 2003, compared with a loss of \$38.6 million for the same period of 2002. Included in the 2002 results was a \$76.3 million writedown of the Enbridge Midcoast Energy assets which were sold to EEP in October 2002. The current year results reflect higher earnings from EEP due to the acquisition of the Enbridge Midcoast Energy assets in October 2002.

Feeder Pipelines and Other reflect lower earnings from Frontier as a result of lower tolls and volumes as well as higher costs on the Toledo System.

In each year, EEP issued additional common units. Enbridge did not participate in these offerings, resulting in dilution gains.

For the three months ended September 30, 2003, earnings are \$7.1 million compared with a loss of \$60.2 million for the same period in 2002. The three month results reflect similar factors as the nine month results.

**Gas Distribution and Services**
**Earnings/(Loss)**

<i>(millions of Canadian dollars)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	<b>2003</b>	2002	<b>2003</b>	2002
Enbridge Gas Distribution	<b>2.8</b>	(2.0)	<b>171.5</b>	108.8
Noverco	<b>0.6</b>	1.3	<b>22.6</b>	24.6
CustomerWorks/ECS	<b>4.5</b>	2.5	<b>13.3</b>	8.0
Enbridge Gas New Brunswick	<b>1.3</b>	0.4	<b>3.4</b>	2.4
Aux Sable	<b>(1.6)</b>	(0.9)	<b>(8.2)</b>	(3.4)
Other Gas Distribution Operations	<b>0.3</b>	1.0	<b>7.6</b>	6.8
Gas Services	<b>(0.6)</b>	(4.4)	<b>(1.2)</b>	(9.8)
Other	<b>(1.0)</b>	0.2	<b>0.2</b>	(0.1)
	<b>6.3</b>	(1.9)	<b>209.2</b>	137.3

Earnings are \$209.2 million for the nine months ended September 30, 2003, compared with \$137.3 million for the nine months ended September 30, 2002. Higher earnings in 2003 are attributable to the colder than normal weather experienced in the Enbridge Gas Distribution franchise area, amounting to \$44.2 million. During the comparative nine months of 2002, weather was warmer than normal, resulting in a \$29.4 million reduction in earnings. In 2003, degree days, which are used as a measure of coldness, were 19.3% greater than 2002 and 13.8% greater than the forecast based on normal weather.

<i>(millions of Canadian dollars except number of degree days)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	<b>2003</b>	2002	<b>2003</b>	2002
Actual degree days	<b>801</b>	851	<b>4,007</b>	3,358
Forecast degree days based on normal weather	<b>714</b>	699	<b>3,521</b>	3,631
Earnings increase/(decrease) due to weather	<b>2.5</b>	10.0	<b>44.2</b>	(29.4)

The positive effect of weather in the current year is offset in part by a \$7.1 million regulatory disallowance related to long-term transportation contracts recognized in the first quarter of 2003. The improved earnings in the third quarter of 2003 include the positive effect of the 2003 rate settlement and a decrease in operating and maintenance expenses. Operating and maintenance expenses were higher in the first and second quarters as a result of colder than normal weather and the timing of expenditures.

The main component of CustomerWorks/ECS earnings in 2003 is the contribution from CustomerWorks. The primary operations of Enbridge Commercial Services (ECS) were rebundled in Enbridge Gas Distribution at the end of 2002. In 2002, earnings from CustomerWorks were affected by activity levels, including customer service calls, which were lower due to warmer weather. In 2003, earnings are based on a fixed fee assuming normal activity and reflect growth in the CustomerWorks customer base.

The loss from Aux Sable reflects the combined effect of higher natural gas prices and lower ethane prices, most significantly during the second quarter. The results from Aux Sable in 2003 also reflect the increase in ownership interest from 21.4% to 42.7% offset by lower depreciation as the acquisition of the additional interest was at a discount to the book value.

The loss of \$1.2 million for Gas Services in 2003 is an improvement of \$8.6 million from the same period last year. The improvement is due primarily to the commencement of fee-based gas service management contracts with certain U.S.-based companies in late 2002 and increased demand for natural gas and associated transmission service, reducing merchant capacity losses on Alliance and Vector.

For the three months ended September 30, 2003 earnings are \$6.3 million, an increase of \$8.2 million from the same period last year. The weather in the third quarter, while colder than normal, was warmer than the same period in 2002. The improved earnings in the third quarter of 2003 include the positive effect of the 2003 rate settlement and decreasing operating and maintenance expenses. Operating and maintenance expenses were higher in the first and second quarters as a result of colder than normal weather and the timing of expenditures.

The improvement in Gas Services and CustomerWorks/ECS during the third quarter of 2003 reflects similar factors to those described for the nine months of 2003.

Due to the seasonal nature of energy distribution operations, quarterly earnings are not indicative of full year results.

### ***International***

#### **Earnings**

<i>(millions of Canadian dollars)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	<b>2003</b>	2002	<b>2003</b>	2002
OCENSA/CITCol	<b>8.1</b>	9.8	<b>24.0</b>	28.1
CLH	<b>11.4</b>	7.6	<b>32.5</b>	23.9
Jose Terminal and Other	<b>(1.6)</b>	(1.0)	<b>(4.4)</b>	(1.6)
	<b>17.9</b>	16.4	<b>52.1</b>	50.4

Earnings are \$52.1 million for the nine months ended September 30, 2003, compared with \$50.4 million for the same period in 2002 and reflect the following factors.

Earnings from OCENSA/CITCol decreased due to lower incentive earnings from CITCol, consistent with prior quarters.

Operating results from CLH reflect increased volumes and the impact of the stronger Euro, partially offset by a reduction in marine fleet revenues due to the scheduled retirement of certain ships.

As a result of a breach of the Jose Terminal operating agreement by PDVSA, the Venezuelan state oil company, the SWEC Partnership has filed a notice of contract termination and has filed for international arbitration, as provided for in the operating agreement. The Company ceased recognition of earnings commencing February 1, 2003. Other is primarily administration and business development costs and the results of the Technology business.

For the three months ended September 30, 2003, earnings are \$17.9 million and are \$1.5 million higher than earnings of \$16.4 million for the three months ended September 30, 2002. The three month results reflect an increase in earnings from CLH due to increased volumes and the impact of the stronger Euro. Offsetting this positive effect are lower incentive earnings from CITCol and the contract termination at the Jose Terminal.

### **Corporate**

Corporate costs total \$48.6 million for the nine months ended September 30, 2003 compared with \$31.8 million for the same period in 2002. The 2002 results included a \$17.8 million after-tax gain on the sale of marketable securities. For the three months ended September 30, 2003, corporate costs are \$19.0 million compared with \$19.9 million for the same period in 2002.

### **Liquidity and Capital Resources**

Significant transactions in 2003 include the receipt of cash proceeds of \$353.5 million from the sale of the Saskatchewan System and the 50% interest in Alliance Canada to EIF. The Company also received \$434.5 million when affiliate financing due to Enbridge was reduced as EEP completed a public offering of common units as well as a private offering of senior notes. Both of these transactions occurred during the second quarter of 2003. Investing and financing activity in the third quarter of 2003 is comparable to the prior year comparative period with the exception of the Spearhead acquisition and the common shares issued in the prior year.

The Company expects to generate sufficient cash from operations to fund budgeted investing activity and common share dividends throughout the remainder of 2003.

Cash from operations reflects fluctuations due to the higher gas prices and distribution volumes of the Enbridge Gas Distribution business. Temporary differences between accounting and taxable income driven by changes in gas costs to be settled with ratepayers have increased the amount of future income taxes in 2003. The significant variance in operating assets and liabilities is due to an increase in accounts receivable resulting from higher gas costs pending recovery from ratepayers as well as higher equal billing plan balances.

Investing activities in 2003 primarily consist of additions to property, plant and equipment at Enbridge Gas Distribution as well as an additional investment in the Alliance pipeline, which closed in April 2003, and the acquisition of the Spearhead Pipeline. Activities in 2002 were more significant and included the acquisition of the Northeast Texas assets and the 25% equity investment in CLH, both during the first three months of the year. Additions to property, plant and equipment were also higher in 2002 due to the inclusion of Enbridge Midcoast Energy and Athabasca System construction activity. Proceeds from the sale of assets in both 2003 and 2002 have more than offset the cash used for investing activities. These proceeds have been used to reduce debt levels pending future deployment.

Financing activities in both years reflect the payment of common share dividends. Additionally, debt has been reduced using significant cash proceeds from the disposition of assets and the repayment of the loan from affiliate during the second quarter of 2003. The Company also completed an issue of preferred securities in February 2002 and common shares in September 2002.

\* \* \*

On October 30, 2003, the Enbridge Board of Directors declared quarterly dividends of \$0.415 per common share and \$0.34375 per Series A Preferred Share. Both dividends are payable on December 1, 2003 to shareholders of record on November 14, 2003.

**ENBRIDGE INC.  
HIGHLIGHTS<sup>1</sup>**

<i>(unaudited; millions of Canadian dollars, except per share amounts)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2003	2002	2003	2002
<b>FINANCIAL</b>				
Earnings/(Loss) Applicable to Common Shareholders				
Energy Transportation North	<b>78.4</b>	61.7	<b>395.4</b>	182.9
Energy Transportation South	<b>7.1</b>	(60.2)	<b>31.8</b>	(38.6)
Gas Distribution and Services	<b>6.3</b>	(1.9)	<b>209.2</b>	137.3
International	<b>17.9</b>	16.4	<b>52.1</b>	50.4
Corporate	<b>(19.0)</b>	(19.9)	<b>(48.6)</b>	(31.8)
Continuing operations	<b>90.7</b>	(3.9)	<b>639.9</b>	300.2
Discontinued operations	-	-	-	242.3
	<b>90.7</b>	(3.9)	<b>639.9</b>	542.5
Cash Provided By Operating Activities				
Earnings plus charges/(credits) not affecting cash	<b>209.1</b>	250.6	<b>832.2</b>	693.0
Changes in operating assets and liabilities	<b>(60.6)</b>	16.3	<b>(235.3)</b>	193.2
Cash provided by operating activities of discontinued operations	-	-	-	28.6
	<b>148.5</b>	266.9	<b>596.9</b>	914.8
Common Share Dividends	<b>71.2</b>	62.3	<b>212.6</b>	186.5
Per Common Share Amounts				
Earnings/(Loss) from continuing operations	<b>0.54</b>	(0.03)	<b>3.87</b>	1.89
Earnings from discontinued operations	-	-	-	1.53
	<b>0.54</b>	(0.03)	<b>3.87</b>	3.42
Dividends per Common Share	<b>0.415</b>	0.380	<b>1.245</b>	1.140
Weighted Average Common Shares Outstanding (millions)			<b>165.2</b>	158.9
<b>OPERATING</b>				
Energy Transportation <sup>2</sup>				
Deliveries (thousands of barrels per day)	<b>2,114</b>	2,063	<b>2,063</b>	2,066
Barrel miles (billions)	<b>178</b>	173	<b>522</b>	522
Average haul (miles)	<b>916</b>	909	<b>926</b>	926
Gas Distribution and Services <sup>3</sup>				
Volumes (billion cubic feet)	<b>93</b>	99	<b>412</b>	363
Number of active customers (thousands)	<b>1,675</b>	1,618	<b>1,675</b>	1,618
Degree day deficiency <sup>4</sup>				
Actual	<b>801</b>	851	<b>4,007</b>	3,358
Forecast based on normal weather	<b>714</b>	699	<b>3,521</b>	3,631

- Highlights of Gas Distribution and Services reflect the results of Enbridge Gas Distribution and other gas distribution operations on a one quarter lag basis for the three and nine months ended June 30, 2003 and 2002.
- Energy Transportation operating highlights include the statistics of the 13.2% owned Lakehead System and other wholly-owned liquid pipeline operations.
- Gas Distribution and Services volumes and the number of active customers are derived from the aggregate system supply and direct purchase gas supply arrangements.
- Degree-day deficiency is a measure of coldness. It is calculated by accumulating for each day in the period the total number of degrees each day by which the daily mean temperature falls below 18 degrees Celsius. The figures given are those accumulated in the Toronto area.

**ENBRIDGE INC.  
CONSOLIDATED STATEMENTS OF EARNINGS**

<i>(unaudited; millions of Canadian dollars; except per share amounts)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2003	2002	2003	2002
<b>Revenues</b>				
Gas sales	682.0	778.9	2,628.7	2,627.8
Transportation	329.9	308.9	1,209.2	1,049.5
Energy services	56.2	82.5	163.1	212.7
	<b>1,068.1</b>	<b>1,170.3</b>	<b>4,001.0</b>	<b>3,890.0</b>
<b>Expenses</b>				
Gas costs	597.1	683.8	2,300.7	2,285.9
Operating and administrative	180.9	240.4	577.1	663.2
Depreciation	107.4	98.1	334.0	303.4
Writedown of assets held for sale	-	117.4	-	117.4
	<b>885.4</b>	<b>1,139.7</b>	<b>3,211.8</b>	<b>3,369.9</b>
Operating Income	182.7	30.6	789.2	520.1
Investment and Other Income	49.0	69.6	154.5	215.2
Gain on Sale of Assets to Enbridge Income Fund	-	-	239.9	-
Interest Expense	(108.5)	(106.8)	(337.1)	(320.8)
	123.2	(6.6)	846.5	414.5
Income Taxes	(24.1)	11.3	(181.4)	(89.5)
Earnings from Continuing Operations	99.1	4.7	665.1	325.0
Earnings from Discontinued Operations	-	-	-	242.3
Earnings	99.1	4.7	665.1	567.3
Preferred Security Distributions	(6.7)	(6.9)	(20.1)	(19.6)
Preferred Share Dividends	(1.7)	(1.7)	(5.1)	(5.2)
Earnings/(Loss) Applicable to Common Shareholders	90.7	(3.9)	639.9	542.5
Earnings/(Loss) Applicable to Common Shareholders				
Continuing Operations	90.7	(3.9)	639.9	300.2
Discontinued Operations	-	-	-	242.3
	90.7	(3.9)	639.9	542.5
Earnings/(Loss) Per Common Share				
Continuing Operations	0.54	(0.03)	3.87	1.89
Discontinued Operations	-	-	-	1.53
	0.54	(0.03)	3.87	3.42
Diluted Earnings/(Loss) Per Common Share				
Continuing Operations	0.53	(0.03)	3.84	1.87
Discontinued Operations	-	-	-	1.51
	0.53	(0.03)	3.84	3.38

See accompanying notes to the unaudited consolidated financial statements.

**ENBRIDGE INC.**  
**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS**

<i>(unaudited; millions of Canadian dollars)</i>	Nine months ended September 30,	
	<b>2003</b>	2002
Retained Earnings at Beginning of Period	<b>1,128.1</b>	812.3
Earnings Applicable to Common Shareholders	<b>639.9</b>	542.5
Common Share Dividends	<b>(212.6)</b>	(186.5)
Preferred Securities Issue Costs	-	(4.2)
Effect of Change in Accounting for Stock-based Compensation	-	(5.4)
Retained Earnings at End of Period	<b>1,555.4</b>	1,158.7

*See accompanying notes to the unaudited consolidated financial statements.*

**ENBRIDGE INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

<i>(unaudited; millions of Canadian dollars)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2003	2002	2003	2002
<b>Cash Provided By Operating Activities</b>				
Earnings from continuing operations	99.1	4.7	665.1	325.0
Charges/(credits) not affecting cash				
Depreciation	107.4	98.1	334.0	303.4
Equity earnings less than/(in excess of)				
cash distributions	(9.6)	7.7	(42.6)	(22.1)
Gain on assets sold to Enbridge Income Fund	-	-	(239.9)	-
Gain on reduction of ownership interest	-	-	(19.2)	(10.0)
Writedown of assets held for sale	-	117.4	-	117.4
Gain on sale of securities	-	-	-	(21.4)
Future income taxes	4.6	41.0	128.1	48.4
Other	7.6	(18.3)	6.7	(47.7)
Changes in operating assets and liabilities	(60.6)	16.3	(235.3)	193.2
Cash provided by operating activities of discontinued operations	-	-	-	28.6
	<b>148.5</b>	<b>266.9</b>	<b>596.9</b>	<b>914.8</b>
<b>Investing Activities</b>				
Additions to property, plant and equipment	(96.3)	(156.3)	(271.9)	(542.0)
Long-term investments	(2.1)	(14.7)	(47.8)	(463.5)
Acquisition of Spearhead Pipeline	(78.3)	-	(78.3)	-
Proceeds on redemption of ECT preferred units	24.9	-	24.9	-
Sale of assets to Enbridge Income Fund	-	-	331.2	-
Disposition of Energy Services business	-	-	-	993.3
Asset acquisition	-	-	-	(289.3)
Changes in construction payable	1.0	3.3	(4.3)	(12.2)
Loans to affiliate	(3.7)	(0.2)	430.8	222.3
Sale of securities	-	-	-	110.5
Other	-	11.8	-	15.9
	<b>(154.5)</b>	<b>(156.1)</b>	<b>384.6</b>	<b>35.0</b>
<b>Financing Activities</b>				
Net change in short-term borrowings and short-term debt	28.4	(206.3)	(437.9)	(1,035.6)
Long-term debt issues	-	-	150.0	247.4
Long-term debt repayments	(100.0)	-	(325.0)	(257.7)
Non-recourse long-term debt issued by joint ventures	-	-	525.6	-
Non-recourse long-term debt repaid by joint ventures	(9.8)	-	(663.8)	-
Non-controlling interests	(1.3)	(1.4)	(3.2)	(3.7)
Preferred securities issued	-	-	-	193.5
Common shares issued	25.5	258.2	54.5	289.6
Preferred security distributions	(6.7)	(6.9)	(20.1)	(19.6)
Preferred share dividends	(1.7)	(1.7)	(5.1)	(5.2)
Common share dividends	(71.2)	(62.3)	(212.6)	(186.5)
	<b>(136.8)</b>	<b>(20.4)</b>	<b>(937.6)</b>	<b>(777.8)</b>
Increase/(Decrease) in Cash	<b>(142.8)</b>	90.4	<b>43.9</b>	172.0
Cash at Beginning of Period	<b>227.4</b>	155.6	<b>40.7</b>	74.0
Cash at End of Period	<b>84.6</b>	246.0	<b>84.6</b>	246.0

See accompanying notes to the unaudited consolidated financial statements.

**ENBRIDGE INC.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

<i>(millions of Canadian dollars)</i>	September 30, <b>2003</b> (unaudited)	December 31, 2002 (audited)
<b>Assets</b>		
Current Assets		
Cash	84.6	40.7
Accounts receivable and other	955.9	817.5
Gas in storage	516.2	583.8
	<b>1,556.7</b>	1,442.0
Property, Plant and Equipment, net	8,070.1	6,947.6
Long-Term Investments	2,777.3	3,371.5
Receivable from Affiliate	175.5	701.5
Deferred Amounts	407.5	315.8
Future Income Taxes	123.4	209.0
	<b>13,110.5</b>	12,987.4
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Short-term borrowings	328.7	247.5
Accounts payable and other	574.5	714.1
Interest payable	76.7	102.6
Current maturities and short-term debt	281.4	652.3
Future income taxes	54.4	-
	<b>1,315.7</b>	1,716.5
Long-Term Debt	6,307.9	6,040.3
Future Income Taxes	711.9	837.4
Non-Controlling Interests	529.8	560.8
	<b>8,865.3</b>	9,155.0
Shareholders' Equity		
Share capital		
Preferred securities	532.7	533.7
Preferred shares	125.0	125.0
Common shares	2,223.6	2,169.0
Retained earnings	1,555.4	1,128.1
Foreign currency translation adjustment	(55.8)	12.3
Reciprocal shareholding	(135.7)	(135.7)
	<b>4,245.2</b>	3,832.4
Contingency (Note 6)		
	<b>13,110.5</b>	12,987.4

See accompanying notes to the unaudited consolidated financial statements.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles and should be read in conjunction with the consolidated financial statements and notes thereto included in Enbridge Inc.'s 2002 Annual Report. These interim financial statements follow the same accounting policies and methods of application as those included in the 2002 Annual Report.

Earnings for interim periods may not be indicative of results for the fiscal year due to weather and other factors. Certain reclassifications have been made to the prior period financial statements to conform to the current year's presentation.

### 1. SEGMENTED INFORMATION

(millions of Canadian dollars)

#### Three months ended September 30, 2003

	Energy Transportation		Gas Distribution and Services	International	Corporate	Consolidated
	North	South				
Revenues	244.1	9.0	807.9	7.1	-	1,068.1
Gas costs	-	-	(597.1)	-	-	(597.1)
Operating and administrative	(70.1)	(5.5)	(94.0)	(9.1)	(2.2)	(180.9)
Depreciation	(44.9)	(1.6)	(59.6)	(0.5)	(0.8)	(107.4)
Operating income/(loss)	129.1	1.9	57.2	(2.5)	(3.0)	182.7
Investment and other income/(expense)	16.8	10.5	(2.2)	20.4	3.5	49.0
Interest and preferred equity charges	(38.9)	-	(39.2)	(0.1)	(38.7)	(116.9)
Income taxes	(28.6)	(5.3)	(9.5)	0.1	19.2	(24.1)
Earnings/(loss) applicable to common shareholders	78.4	7.1	6.3	17.9	(19.0)	90.7

#### Three months ended September 30, 2002

	Energy Transportation		Gas Distribution and Services	International	Corporate	Consolidated
	North	South				
Revenues	188.7	403.4	571.4	6.7	0.1	1,170.3
Gas costs	-	(333.1)	(350.7)	-	-	(683.8)
Operating and administrative	(71.3)	(40.8)	(121.2)	(4.3)	(2.8)	(240.4)
Depreciation	(35.4)	(2.2)	(58.7)	(0.9)	(0.9)	(98.1)
Writedown of assets held for sale	-	(117.4)	-	-	-	(117.4)
Operating income/(loss)	82.0	(90.1)	40.8	1.5	(3.6)	30.6
Investment and other income	19.7	8.5	0.9	16.8	23.7	69.6
Interest and preferred equity charges	(23.9)	(8.4)	(38.6)	(0.9)	(43.6)	(115.4)
Income taxes	(16.1)	29.8	(5.0)	(1.0)	3.6	11.3
Earnings/(loss) applicable to common shareholders	61.7	(60.2)	(1.9)	16.4	(19.9)	(3.9)

**Nine months ended September 30, 2003**

	Energy		Gas Distribution and Services	International	Corporate	Consolidated
	Transportation					
	North	South				
Revenues	729.8	26.3	3,230.5	14.4	-	4,001.0
Gas costs	-	-	(2,300.7)	-	-	(2,300.7)
Operating and administrative	(221.0)	(16.2)	(309.6)	(17.7)	(12.6)	(577.1)
Depreciation	(146.3)	(5.0)	(178.7)	(1.6)	(2.4)	(334.0)
Operating income/(loss)	362.5	5.1	441.5	(4.9)	(15.0)	789.2
Investment and other income/(expense)	56.3	53.6	25.9	56.1	(37.4)	154.5
Gain on sale of assets	239.9	-	-	-	-	239.9
Interest and preferred equity charges	(117.6)	(0.1)	(121.1)	(0.5)	(123.0)	(362.3)
Income taxes	(145.7)	(26.8)	(137.1)	1.4	126.8	(181.4)
Earnings/(loss) applicable to common shareholders	395.4	31.8	209.2	52.1	(48.6)	639.9

**Nine months ended September 30, 2002**

	Energy		Gas Distribution and Services	International	Corporate	Consolidated
	Transportation					
	North	South				
Revenues	559.2	1,174.8	2,136.1	19.8	0.1	3,890.0
Gas costs	-	(982.0)	(1,303.9)	-	-	(2,285.9)
Operating and administrative	(198.4)	(113.7)	(330.2)	(11.4)	(9.5)	(663.2)
Depreciation	(104.3)	(23.2)	(171.2)	(2.1)	(2.6)	(303.4)
Writedown of assets held for sale	-	(117.4)	-	-	-	(117.4)
Operating income/(loss)	256.5	(61.5)	330.8	6.3	(12.0)	520.1
Investment and other income	57.3	31.5	23.1	46.0	57.3	215.2
Interest and preferred equity charges	(74.2)	(26.0)	(124.0)	(0.9)	(120.5)	(345.6)
Income taxes	(56.7)	17.4	(92.6)	(1.0)	43.4	(89.5)
Earnings/(loss) from continuing operations	182.9	(38.6)	137.3	50.4	(31.8)	300.2
Earnings from discontinued operations						242.3
Earnings applicable to common shareholders						542.5

Segmented information has been restated to reflect the changes in management responsibilities, effective in the first quarter of 2003.

**2. STOCK-BASED COMPENSATION**

The Company accounts for the issuance of options as capital transactions when the options are exercised. A maximum of 15 million shares are reserved for issuance under the Incentive Stock Option Plan (2002). During the nine months ended September 30, 2003, 1.0 million (2002 – 1.8 million) fixed stock options were issued at a weighted average exercise price of \$41.65 (2002 – \$44.91). The weighted average grant-date fair value of the fixed stock options granted during the nine months ended September 30, 2003 was \$8.46 (2002 - \$11.42) for each option granted. Outstanding stock options expire over a period no later than February 6, 2013. If the Company had used the fair-value based method to account for stock-based compensation, earnings and earnings per share would have been as follows.

	Three months ended		Nine months ended	
	September 30,		September 30,	
<i>(millions of Canadian dollars except per share amounts)</i>	2003	2002	2003	2002
Earnings/(Loss) applicable to common shareholders				
As reported	90.7	(3.9)	639.9	542.5
Stock-based compensation expense	1.3	0.8	3.3	1.9
Pro forma earnings	<u>89.4</u>	<u>(4.7)</u>	<u>636.6</u>	<u>540.6</u>
Earnings/(Loss) per share				
As reported	0.54	(0.03)	3.87	3.42
Pro forma	<u>0.53</u>	<u>(0.03)</u>	<u>3.85</u>	<u>3.41</u>

1. Pro forma earnings and earnings per share reflect options granted subsequent to January 1, 2002, the date of adoption of the standard on stock-based compensation. Stock-based compensation expense is recognized over the four year vesting period for fixed stock options and the five year vesting period for performance-based stock options based on the fair value determined on the date of grant.
2. The Black-Scholes model was used to calculate the fair value of the fixed stock options. Significant assumptions include a risk-free interest rate of 5.235% (2002 – 5.332%), expected volatility of 22% (2002 – 25%), an expected life of 8 years (2002 – 10 years) and an expected dividend yield of 3.95% (2002 – 3.51%).

### 3. ACQUISITION

In September 2003, the Company acquired 90% of the outstanding shares of CCPS Transportation L.L.C., owner of the Cushing to Chicago Pipeline System, for US\$122 million. Of the total purchase price, US\$57 million was paid on the date of acquisition. Payment of the remaining US\$65 million depends upon completion of reversal of the flow of the pipeline and must be paid no later than December 31, 2004 to allow reversal to proceed. The acquisition was accounted for using the purchase method and the results of operations have been included in the consolidated statement of earnings from the date of acquisition. The amount paid was allocated to property, plant and equipment.

### 4. FORMATION OF ENBRIDGE INCOME FUND AND RELATED ASSET SALES

On June 30, 2003, the Company formed the Enbridge Income Fund (EIF), an unincorporated open-ended trust established under the laws of Alberta. Concurrent with the closing of the public offering, the Company subscribed for 14,500,000 subordinated trust units of EIF, representing a 45.3% common equity interest in EIF. Enbridge also subscribed for 40,648,750 preferred units of Enbridge Commercial Trust (ECT), a direct subsidiary of EIF.

On July 10, 2003, the underwriters exercised their over-allotment option to purchase an additional 2,625,000 trust units which reduced the Company's common equity interest to 41.9%. The proceeds from this transaction were used to redeem 2,625,000 preferred units held by Enbridge.

On formation, EIF acquired the Company's 50% interest in the Canadian segment of the Alliance Pipeline together with its 100% interest in Enbridge Pipelines (Saskatchewan) Inc. for total proceeds of \$905.0 million before working capital adjustments of \$20.6 million and transaction costs of \$0.2 million. The Company recorded an after-tax gain on the sale of \$169.1 million. Enbridge's net investment in Alliance Canada was \$333.6 million at December 31, 2002 and was classified as a long-term investment. The net assets of Enbridge Pipelines (Saskatchewan) Inc. consist primarily of property, plant and equipment and comprised \$86.5 million of Enbridge Inc.'s total property, plant and equipment balance at December 31, 2002.

The Company's \$145.0 million initial investment in subordinated units of EIF was offset by a \$145.0 million unrecognized gain resulting in a book value of nil. The unrecognized gain is being amortized into income over the life of the underlying assets of EIF and is included as a component of equity earnings. In addition, a decrease in the Company's equity ownership of EIF will result in a portion of the unrecognized gain being realized. Since the equity investment was recorded on inception as nil cash distributions in excess of equity earnings are recorded as a deferred credit. A portion of the deferred credit will be recorded as income concurrent with a reduction of the Company's equity interest in EIF. The fair value of Enbridge's EIF trust units at the September 30, 2003 closing price of \$11.75 per unit is \$170.4 million.

The Company's 38 million preferred units are accounted for as a \$380.2 million cost investment at September 30, 2003.

## 5. JOINT VENTURE

Alliance Pipeline Canada, Alliance Pipeline U.S., Aux Sable, and Alliance Canada Marketing, have been jointly controlled with Fort Chicago Energy Partners LP since April 1, 2003. The Company's proportionate share of earnings, cash flows and financial position related to these entities is summarized below, with the exception of Alliance Pipeline Canada. The Company's 50% interest in Alliance Pipeline Canada was sold effective June 30, 2003.

<i>(millions of Canadian dollars)</i>	<b>Three months ended September 30, 2003</b>	<b>Nine months ended September 30, 2003</b>
<b>Earnings</b>		
Revenues	<b>120.3</b>	<b>288.8</b>
Gas sales	<b>(64.4)</b>	<b>(127.9)</b>
Operating and administrative	<b>(18.4)</b>	<b>(51.1)</b>
Depreciation	<b>(11.1)</b>	<b>(41.6)</b>
Interest expense	<b>(13.1)</b>	<b>(41.3)</b>
Investment and other income	<b>0.6</b>	<b>1.7</b>
Income taxes	<b>0.5</b>	<b>0.9</b>
Proportionate share of net earnings	<b>14.4</b>	<b>29.5</b>
<b>Cash Flows</b>		
Cash provided by operations	<b>56.5</b>	<b>78.6</b>
Cash provided by investing activities	<b>12.5</b>	<b>10.4</b>
Cash used in financing activities	<b>(29.2)</b>	<b>(181.1)</b>
Proportionate share of increase/(decrease) in cash	<b>39.8</b>	<b>(92.1)</b>
<b>As at September 30, 2003</b>		
<b>Financial Position</b>		
Current assets		<b>92.5</b>
Property, plant and equipment, net		<b>1,136.5</b>
Other long-term assets		<b>118.3</b>
Current liabilities		<b>(112.6)</b>
Long-term debt		<b>(720.1)</b>
Other long-term liabilities		<b>(48.6)</b>
Proportionate share of net assets		<b>466.0</b>

Included in the Company's proportionate share of cash from joint ventures is \$27.4 million cash in trust. The use of this cash is restricted.

The Company's proportionate share of property, plant and equipment includes \$1,029.3 million, which primarily relates to pipeline in service and \$107.2 million related to the Aux Sable plant. The pipeline is being depreciated on a 25-year straight-line basis and the plant assets are being depreciated straight-line over a 30-year period.

The Company's proportionate share of joint venture debt is noted below. This debt is non-recourse to Enbridge as security provided by the joint ventures is limited to the rights and assets of the individual joint venture and does not extend to the rights and assets of Enbridge, except to the extent of Enbridge's investment.

<i>(millions of Canadian dollars)</i>	<b>As at September 30, 2003</b>
Credit Facilities	16.9
Senior Notes:	
7.770% due 2015	188.3
6.996% due 2019	208.9
7.877% due 2025	132.2
4.591% due 2025	196.6
Obligations under capital leases	8.7
	<u>751.6</u>
Less current portion of long-term debt	<u>(31.5)</u>
	<u><u>720.1</u></u>

The Senior Notes may be redeemed by Alliance Pipeline U.S. at any time, at a price equal to the outstanding principal plus accrued but unpaid interest and a make-whole premium. Alliance Pipeline U.S. may be required to redeem the Senior Notes in whole or in part from proceeds received under insurance claims for damages if the proceeds are not applied to repair or rebuild the Alliance pipeline system.

Interest on the Senior Notes is payable semi-annually. Principal repayments commenced June 30, 2001 on the 6.996% Senior Notes, December 31, 2001 on the 7.770% Senior Notes, June 30, 2003 on the 4.591% Senior Notes and commence June 30, 2019 on the 7.877% Senior Notes. Principal repayments are due semi-annually thereafter in each instance and are closely tied to the recovery rates for capital depreciation and deferred income taxes contained in the transportation agreements.

## 6. CONTINGENCY

As previously disclosed, the remediation of discontinued manufactured gas plant sites may result in future costs to Enbridge Gas Distribution Inc. (Enbridge Gas). In October 2002, a claim was filed for \$55 million in damages relating to a certain manufactured gas plant site. Enbridge Gas filed a statement of defence in June 2003 denying liability. Although management believes that it has a valid defence to this claim, certain risks exist. The probable overall cost cannot be determined at this time due to uncertainty about the presence and extent of damage in addition to the potential alternative remediation approaches which vary in cost. Enbridge Gas expects that costs, if any, not recovered through insurance would be recovered through rates. As such, management does not believe that the outcome will have a material impact on the financial statements.

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**Supplementary Financial Information**

	<u>Number of Shares</u>
Common Shares – issued and outstanding (voting equity shares)	171,536,770
Preference Shares, Series A (non-voting equity shares)	5,000,000
Total issued and outstanding stock options (3,350,611 vested)	6,584,936

The Company has a Shareholder Rights plan designed to encourage the fair treatment of shareholders in connection with any takeover offer for the Company. Rights issued under the plan become exercisable when a person, and any related parties, acquires or announces its intention to acquire 20% or more of the Company's outstanding common shares without complying with certain provisions set out in the plan or without approval of the Board of Directors of the Company. Should such an acquisition or announcement occur, each rights holder, other than the acquiring person and related parties, will have the right to purchase common shares of the Company at a 50% discount to the market price at that time.

*Supplementary information as at October 20, 2003.*

*When used in this report, the words "anticipate", "expect", "project", "believe", "estimate", "forecast" and similar expressions are intended to identify forward-looking statements, which include statements relating to pending and proposed projects. Such statements are subject to risks, uncertainties and assumptions pertaining to operating performance, regulatory parameters, weather and economic conditions and, in the case of pending and proposed projects, risks relating to design and construction, regulatory processes, obtaining financing and performance of other parties, including partners, contractors and suppliers.*