

Enbridge Inc.
Management's Discussion & Analysis
For the Three Months Ended March 31, 2007
Dated May 1, 2007

This Management's Discussion and Analysis (MD&A) should be read in conjunction with the unaudited consolidated financial statements of Enbridge Inc. (Enbridge or the Company) as at and for the three months ended March 31, 2007. It should also be read in conjunction with the audited consolidated statements and MD&A contained in the Company's Annual Report for the year ended December 31, 2006. Additional information related to the Company, including its Annual Information Form, is available on SEDAR at www.sedar.com.

Consolidated Earnings (millions of Canadian dollars)	Three months ended March 31,	
	2007	2006
Liquids Pipelines	68.9	66.3
Gas Pipelines	25.7	16.0
Sponsored Investments	17.8	20.2
Gas Distribution and Services	109.4	86.0
International	22.0	21.8
Corporate	(16.8)	(19.4)
	227.0	190.9

Earnings applicable to common shareholders were \$227.0 million for the three months ended March 31, 2007, or \$0.65 per share, compared with \$190.9 million, or \$0.56 per share, for the same period in 2006. The \$36.1 million increase in earnings reflected a higher contribution from Enbridge Gas Distribution (EGD) as weather in its franchise area was significantly colder than the first quarter 2006. Enbridge Offshore Pipelines (EOP) earnings also increased as 2005 hurricane insurance proceeds were received.

FORWARD LOOKING INFORMATION

In the interest of providing Enbridge shareholders and potential investors with information about the Company and its subsidiaries, including management's assessment of Enbridge's and its subsidiaries' future plans and operations, certain information provided in this Management's Discussion and Analysis (MD&A) constitutes forward-looking statements or information (collectively, "forward-looking statements"). Forward-looking statements are typically identified by words such as "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Although Enbridge believes that these forward-looking statements are reasonable based on the information available on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements.

Enbridge's forward-looking statements are subject to risks and uncertainties pertaining to operating performance, regulatory parameters, weather, economic conditions, exchange rates, interest rates and commodity prices, including but not limited to those risks and uncertainties discussed in this MD&A and in the Company's other filings with Canadian and United States securities regulators. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent and Enbridge's future course of action depends on management's assessment of all information available at the relevant time. Except to the extent required by law, Enbridge assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A or otherwise, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to Enbridge or persons acting on the Company's behalf, are expressly qualified in their entirety by these cautionary statements.

ADJUSTED OPERATING EARNINGS

<i>(millions of Canadian dollars; except per share amounts)</i>	Three months ended	
	March 31,	
	2007	2006
GAAP Earnings as reported	227.0	190.9
Significant after tax non-operating factors and variances:		
Gas Pipelines		
EOP hurricane property damage insurance recovery	(5.3)	-
Sponsored Investments		
EEP non-cash derivative fair value losses/(gains)	2.0	(2.7)
Gas Distribution and Services		
(Colder)/warmer than normal weather affecting EGD	(1.4)	21.3
Energy Services non-cash derivative fair value losses/(gains)	4.3	-
Aux Sable non-cash derivative fair value losses/(gains)	2.8	-
Adjusted Operating Earnings	229.4	209.5
Adjusted Operating Earnings per Common Share	0.65	0.62

Each of the significant non-operating factors is described in the Financial Results sections for the respective business segment.

Adjusted operating earnings were \$229.4 million for the three months ended March 31, 2007, compared with \$209.5 million for the three months ended March 31, 2006. The non-cash derivative fair value gains and losses resulted from derivative instruments which are economically effective hedges but do not qualify for hedge accounting treatment. The increase was largely due to:

- A full quarter of earnings contributions from Olympic and Spearhead pipelines in 2007.
- Insurance proceeds were received compensating EOP for additional costs and lost revenues for hurricanes Katrina and Rita.
- Energy Services adjusted operating earnings have increased as asset optimization activities, market fundamentals, and incremental storage and transportation volumes have increased margins.
- EGD's earnings have increased due to customer growth.

The Company has foreign currency denominated earnings, primarily from United States based operations and investments, as well as its Euro investment in Compañía Logística de Hidrocarburos CLH, S.A. (CLH). The Company uses long-term derivative contracts to economically hedge a significant portion of the cash distributions from these long-term investments. However, this does not eliminate the Generally Accepted Accounting Principles (GAAP) earnings volatility caused by exchange rate differences. During the three months ended March 31, 2007, the Company received foreign currency denominated cash distributions and settled associated hedge transactions resulting in \$3.5 million (2006 - \$3.9 million) of incremental after-tax cash flows, which were not included in reported earnings.

Non-GAAP Measures

This MD&A contains references to adjusted operating earnings, which represent earnings applicable to common shareholders adjusted for non-operating factors. Management believes that the presentation of adjusted operating earnings provides useful information to investors and shareholders as it provides increased predictive value. Management uses adjusted operating earnings to set targets and assess performance for the Company. Also, the Company's dividend payout target is based on adjusted operating earnings. Adjusted operating earnings is not a measure that has a standardized meaning prescribed by Canadian GAAP and is not considered a GAAP measure. Therefore, this measure may not be comparable with a similar measure presented by other issuers.

RECENT DEVELOPMENTS

Southern Lights Pipeline

During the quarter, the Company filed for regulatory approval with the National Energy Board (NEB) for the Canadian portion of the US\$1.3 billion Southern Lights diluent and crude pipelines. The Federal Energy Regulatory Commission (FERC) filing for the United States portion of the Project is expected in the second quarter of 2007. The Company obtained long-term commitments from shippers in 2006. Pre-construction activities are underway and the diluent line is expected to be in service in 2010.

Spearhead Pipeline

During the quarter, following significant interest expressed from shippers, the Company held an Open Season for expansion of the Spearhead Pipeline. The expansion, expected to cost \$0.1 billion, will increase capacity from Chicago, Illinois to Cushing, Oklahoma by 65,000 barrels per day (bpd) to 190,000 bpd. The Open Season was limited to 30,000 bpd of firm capacity and the remaining 35,000 bpd would be made available to uncommitted shippers, unless and until committed shippers exercise their right to the capacity. The available firm capacity was oversubscribed and will be pro-rated. The expansion is expected to be completed in early 2009.

Waupisoo Pipeline

The \$0.5 billion 30-inch diameter pipeline from the Cheecham terminal on the Athabasca Pipeline to Edmonton, Alberta received Alberta Energy and Utilities Board approval in February 2007. Pre-construction activities have commenced and the Project is expected to be in service in mid-2008.

Alberta Clipper Project

Enbridge is continuing discussions with shippers to finalize the tolling methodology for the Alberta Clipper Expansion Project. Thereafter, the Company will file an application with the NEB for the construction and operation of the \$1.5 billion Canadian portion of the Alberta Clipper Project. Subsequent to the NEB filing, the Company anticipates Enbridge Energy Partners (EEP) will follow with FERC regulatory filings for the US\$0.8 billion United States portion of the project. The Project will have an initial capacity of 450,000 bpd and is expandable to 800,000 bpd.

Southern Access Mainline Expansion

Following the approval of tolling agreements on the US\$1.6 billion (Enbridge - \$0.3 billion, EEP - US\$1.3 billion) Southern Access Expansion by the FERC and the NEB in 2006, the winter construction phase started as planned. The expansion will be completed in stages finishing in 2009.

Other Projects

Progress continues on a number of other Liquids Pipeline projects, including the Southern Access Extension, Hardisty Contract Terminal, Downstream Terminalling, Gateway and Athabasca Pipeline Expansion projects, for which in service dates and capital expenditures are consistent with prior disclosures.

Pipe Procurement Contract

On April 12, the Company signed a contract for the purchase of 2,800 kilometres of steel pipe to be used in the construction of several of the liquids pipeline projects including the Southern Lights project, the Alberta Clipper project and the Line 4 Extension project. Commitments associated with these contracts are backstopped by industry as necessary to expedite the project in-service dates. The Company expects to take delivery of the pipe concurrent with the project schedule. Total commitments, including this contract are \$760 million. The minimum cancellation charge related to these contracts is approximately \$284 million.

Neptune Pipeline

Enbridge Offshore Pipelines held a successful Open Season for the Neptune crude oil pipeline in the Green Canyon Corridor. The 26-mile (42-kilometre), 20-inch diameter pipeline will have a capacity of 60,000 bpd and is expected to be in service in September of 2007 at a cost of US\$0.1 billion.

Vector Pipeline

Vector Pipeline is progressing with a US\$0.1 billion expansion from 1.0 billion cubic feet/day (bcf/d) to 1.2 bcf/d. Vector has obtained FERC approval for the expansion and secured 10-year firm transportation contracts for the new capacity. The expansion is expected to be in service in the fourth quarter of 2007.

2007 Rate Application - EGD

EGD filed its 2007 rate application with the Ontario Energy Board (OEB) in August 2006 which consisted of a traditional cost of service methodology application. During the quarter the OEB approved settlements reached with stakeholders related to capital, operating and maintenance expenditure budgets, permitting EGD to implement a partial rate increase effective April 1, 2007. A final decision on the remaining issues of the 2007 rate application is expected during the second quarter of 2007. The key elements of the application are summarized below:

Regulatory year ending December 31, 2007

Rate base (millions)	\$3,801.3
Rate of return on rate base	7.76%
Deemed common equity for regulatory purposes	38.00%
Rate of return on common equity	8.74%

EGD has requested an increase in the equity component of its deemed capital structure to 38% from 35% reflecting changes in EGD's business risk environment and financial risk position. The rate of return of 8.74% used in the 2007 rate application was a placeholder, and has been replaced with a final rate of return of 8.39% for 2007 rates.

Rate Regulation - Incentive Regulation (IR)

During 2006, EGD commenced consultation with the OEB with respect to shifting to an IR methodology for rate setting purposes. EGD expects that IR will start in 2008, with 2007 as the base year for a potential four to five year plan. The potential impact of IR on EGD is not expected to be known until the fourth quarter of 2007.

Storage Project

In November 2006, EGD announced that it is conducting a binding Open Season for high deliverability natural gas storage services at EGD's Southwestern Ontario storage facility. In April 2007, EGD signed storage contracts for daily services totaling 2.8 million gigajoules (GJ), or approximately 2.6 bcf, of storage capacity, including 10 or 20-day storage service with firm year-round withdrawal and injection levels. The service is expected to be in place between April 2008 and November 2008, depending on

customer needs. EGD anticipates seeking necessary facilities approvals from the OEB in the third quarter of 2007 and, subject to these approvals, modifying the necessary facilities in 2007 and 2008.

Customer Care and Customer Information System (CIS) Agreements

Effective April 1, 2007, EGD has entered into five-year Customer Care Services contracts with third party service providers for meter reading, billing, billing administration, call handling and collections. The total costs of the contracts are approximately \$274.0 million over the five year term.

EGD is planning to have a new CIS system in service by July 2009, at an approximate cost of \$118.7 million, to meet the need for a more robust and technologically up-to-date system.

The OEB has approved a six-year rate recovery arrangement for the customer care services and pre-approved the capital to be invested in the new CIS.

Permit Fees

In December 2006, the Ontario government introduced a regulation which enables municipalities to charge natural gas utilities administrative fees to work on municipal roadways. EGD believes that the permit fees should not apply to natural gas utilities and is lobbying to repeal the regulation; however, as a contingency, EGD is preparing an application for regulatory recovery of permit fees.

Ontario Wind Project

Significant progress towards construction of the 182 megawatt Ontario Wind Project in Kincardine was made during the quarter. On March 19, 2007 the Ontario Ministry of Environment confirmed the Environmental Screening Report was accepted and the Project will not require an Environmental Assessment. The Project also received zoning approvals from both the Municipality of Kincardine and Bruce County. An Ontario Municipal Board hearing for zoning appeals commenced on April 30 and should be concluded in mid July, 2007.

FINANCIAL RESULTS

Liquids Pipelines

Earnings

<i>(millions of Canadian dollars)</i>	Three months ended March 31,	
	2007	2006
Enbridge System	49.1	52.0
Athabasca System	13.6	12.3
Olympic Pipeline	3.7	0.6
Spearhead Pipeline	1.3	0.3
Feeder Pipelines and Other	1.2	1.1
	68.9	66.3

Earnings were \$68.9 million for the three months ended March 31, 2007, compared with \$66.3 million for the three months ended March 31, 2006. The increase was largely due to higher earnings from Olympic Pipeline.

Enbridge System earnings were slightly lower than the prior year due to the impact of a strong labour market on compensation expense as well as increased taxes in the Terrace component.

Olympic Pipeline was acquired on February 1, 2006. Earnings for 2007 reflected a full three months of operations as well as increased apportionment penalties from shippers and higher tolls from a tariff increase in July 2006. Olympic's cost of service tolling methodology requires annual toll adjustments for over or under collections in prior years. The adjustment amount is collected in the current period's toll.

Spearhead Pipeline earnings reflected a full three months of operations in 2007. The prior year included only one month of earnings as Spearhead Pipeline went into service in early March 2006.

Gas Pipelines

Earnings

<i>(millions of Canadian dollars)</i>	Three months ended March 31,	
	2007	2006
Alliance Pipeline US	7.5	7.3
Vector Pipeline	3.8	4.1
Enbridge Offshore Pipelines	14.4	4.6
	25.7	16.0

Earnings were \$25.7 million for the three months ended March 31, 2007, compared with \$16.0 million for the three months ended March 31, 2006. The increase was primarily due to increased operating earnings and insurance proceeds at EOP.

EOP's 2007 earnings included \$5.3 million related to insurance proceeds for the replacement of damaged infrastructure resulting from the 2005 hurricanes. EOP earnings also included insurance proceeds of \$6.0 million from business interruption policies, which were not adjusted in the Company's calculation of adjusted operating earnings because the related lost earnings were reflected in prior period earnings. The final claim settlement is expected in late 2007 or early 2008.

Sponsored Investments

Earnings

<i>(millions of Canadian dollars)</i>	Three months ended March 31,	
	2007	2006
Enbridge Income Fund	9.6	9.3
Enbridge Energy Partners	8.2	10.9
	17.8	20.2

Earnings for the three months ended March 31, 2007 were \$17.8 million compared with \$20.2 million in the same period of 2006.

EEP's 2007 results, adjusted operating earnings of \$10.2 million, net to Enbridge, (2006 - \$8.2 million) were higher in the current year and reflected the Company's increased ownership interest as well as gains from gas storage and lower operating costs on the Lakehead System, which were slightly offset by lower gas processing margins and increased gas measurement losses. The first quarter of 2007 included \$2.0 million of unrealized losses on derivative instruments that do not qualify for hedge accounting (2006 - \$2.7 million gains).

EEP issued Class C units on April 2, 2007, reducing Enbridge's ownership interest from 16.6% to 15.7%.

Gas Distribution and Services Earnings

<i>(millions of Canadian dollars)</i>	Three months ended March 31,	
	2007	2006
Enbridge Gas Distribution	86.2	58.3
Noverco	17.0	13.9
CustomerWorks/ECS	4.0	6.6
Enbridge Gas New Brunswick	2.8	1.8
Other Gas Distribution	5.3	4.7
Energy Services	(1.4)	0.4
Aux Sable	(2.3)	1.0
Other	(2.2)	(0.7)
	109.4	86.0

Earnings were \$109.4 million for the three months ended March 31, 2007 compared with \$86.0 million for the three months ended March 31, 2006. The higher earnings in 2007 were due to primarily colder weather the market area served by EGD in the current year.

EGD's distribution volumes and earnings in the first quarter of 2006 were impacted by warmer than normal weather which reduced earnings by \$21.3 million, whereas weather in 2007 was closer to normal and had a slightly positive impact on earnings. EGD's earnings also increased due to customer growth and higher storage and transportation capacity transaction revenues.

CustomerWorks/ECS earnings decreased because, pursuant to an OEB recommendation, CustomerWorks transitioned customer care services related to EGD to a third party service provider in the quarter.

Energy Services consists of Tidal Energy (Tidal), which was previously included in Other, and Gas Services and includes \$4.3 million of net unrealized losses (2006 - \$nil) on derivative instruments that do not qualify for hedge accounting treatment. Tidal buys and sells crude oil at fixed prices to lock-in a profit on the sale. When the forward market price of crude oil exceeds the fixed price future sale, an unrealized loss occurs, however the unrealized loss will be reversed when the future sale is realized. Adjusted operating earnings have increased \$2.5 million over the prior year earnings and reflected increased optimization of Enbridge assets, improved crude oil market fundamentals, and increased storage and transportation volumes.

Aux Sable earns a fixed annual fee as well as an additional market based upside sharing payment when the margin at the liquids extraction and fractionation plant exceeds pre-defined levels. As the total upside payment amount is not known with certainty until year-end, first quarter earnings exclude any upside sharing. The upside sharing will be recorded when the earnings requirements for revenue recognition are met. The Company has entered into financial derivative instruments to mitigate the uncertainty of its share of the upside sharing payment. Although economically effective hedges, the instruments do not meet the criteria for hedge accounting treatment. Earnings for the quarter included a \$2.8 million mark to market loss related to the hedges.

International Earnings

<i>(millions of Canadian dollars)</i>	Three months ended March 31,	
	2007	2006
CLH	14.5	13.3
OCENSA/CITCoI	8.3	8.2
Other	(0.8)	0.3
	22.0	21.8

Earnings for the three months ended March 31, 2007 were \$22.0 million, and consistent with the same period in 2006. CLH earnings increased slightly due to higher average transportation tariffs, longer hauls and the impact of a stronger Euro.

Corporate Costs

<i>(millions of Canadian dollars)</i>	Three months ended March 31,	
	2007	2006
Corporate	(16.8)	(19.4)

Corporate costs were \$16.8 million for three months ended March 31, 2007, compared with \$19.4 million for the three months ended March 31, 2006. The decrease in Corporate costs was primarily due to decreased interest expense resulting from lower levels of corporate debt which was repaid from the issuance of common equity on February 2, 2007.

LIQUIDITY AND CAPITAL RESOURCES

The Company expects to generate sufficient cash from operations to fund liabilities as they become due, finance budgeted investing activity, and pay common share dividends throughout 2007. The Company also expects to issue additional debt to fund planned capital expenditures during the year. Additional liquidity, if necessary, is available under committed credit facilities or through access to the capital markets.

Debt Covenants

EGD has met the long-term debt issuance covenant contained in its trust indenture and is again able to issue new long-term debt, as the 2007 winter months were colder than the prior year. EGD is required to maintain a long-term debt interest coverage ratio of 2.0 times for 12 consecutive months in the previous 23 months.

Operating Activities

Cash from operations was \$765.9 million for the three months ended March 31, 2007, an increase of \$48.4 million from the comparable prior year period. The increase was due to higher operating earnings at EGD and receipt of insurance proceeds at EOP.

Investing Activities

Expenditures for property, plant, and equipment were \$443.8 million for the three months ended March 31, 2007 compared to \$153.5 million in the prior year. The increase was due to new growth projects including Waupisoo Pipeline, Hardisty Contract Terminals, Southern Lights Pipeline, Neptune Pipeline, Ontario Wind as well as customer additions and system upgrades at EGD. There were no acquisitions in the current year, whereas the prior year included \$101.4 million for the 65% joint venture interest in Olympic Pipeline.

Financing Activities

The Company's debt to capitalization ratio was 59.3% at March 31, 2007 compared with 63.0% at March 31, 2006 primarily as a result of issuing common shares for \$566.4 million during the quarter. The proceeds were used to pay down corporate debt including the redemption of \$200.0 million of preferred securities. Cash used for financing activities during the three months ended March 31, 2007 was \$181.3 million compared with \$356.5 million for the three months ended March 31, 2006. The Company also issued US\$400.0 of long-term debt in the quarter to finance new growth projects. Short-term borrowing repayments were approximately \$200 million less than the prior year as EGD's gas inventory, which is financed by short-term borrowing, was lower through the winter months in 2007. Dividend distributions increased as more shares were outstanding and a higher dividend rate was paid in the current year.

CHANGES IN ACCOUNTING POLICIES

Financial Instruments, Comprehensive Income, and Hedging Relationships

Effective January 1, 2007, the Company adopted new accounting standards for Financial Instruments - Recognition and Measurement, Financial Instruments - Disclosure and Presentation, Comprehensive Income, and Hedges. These policies were adopted prospectively and accordingly, the prior periods were not restated. However, unrealized gains and losses related to the Company's foreign currency translation adjustments and net investment hedges are now included in Accumulated Other Comprehensive Income or Loss (AOCI) and unamortized deferred financing fees of \$52.7 million were reclassified from deferred amounts and other assets to long-term debt.

The new standards require that the Company now recognize financial instruments, including cash flow and fair value hedges, on the balance sheet at fair value. The standards also require the classification of financial assets and liabilities according to expected use. Loans and receivables and instruments held to maturity remain recorded at amortized cost. With the exception of recognizing derivative instruments, including hedge instruments, at fair value, the Company has not changed the valuation of other financial instruments.

The adoption of the new standards did not impact the Company's earnings or cash flows, however the Company recognized assets of \$3.4 million, liabilities of \$2.2 million, AOCI of \$48.2 million and a decrease to retained earnings of \$47.0 million as at January 1, 2007.

To the extent cash flow hedges are effective, the unrealized changes in fair value are recorded in Accumulated Other Comprehensive Income, a component of equity, until the gains or losses are realized and recognized in earnings. Any hedge ineffectiveness is charged to current earnings. Unrealized changes in fair value hedges are recorded in earnings consistent with changes in the fair value of the underlying asset or liability. For the Company's regulated operations certain derivatives are recognized at fair value on the balance sheet with an offsetting regulatory asset or liability.

The Company does not use derivatives for speculative purposes, although certain economic hedges may fail to qualify for hedge accounting. For derivatives that do not qualify for hedge accounting the unrealized changes in fair value are charged to current earnings. The Company also utilizes fixed price forward physical commodity contracts to manage exposure to changes in commodity prices. Certain of the Company's fixed price contracts are deemed derivatives and therefore recognized at fair value.

Capital Disclosures and Financial Instruments – Disclosure and Presentation

Effective January 1, 2008, the Company will adopt new accounting standards for Capital Disclosures and Financial Instruments – Disclosure and Presentation. The Company will disclose its objectives, policies and procedures for managing capital, additional information with respect to capital compliance requirements, and enhanced disclosure of risks associated with financial instruments and how those risks are managed.

SELECTED QUARTERLY FINANCIAL INFORMATION¹

(millions of Canadian dollars,
except per share amounts)

	2007		2006		2005			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	3,358.2	2,785.7	2,184.9	2,327.2	3,346.7	2,712.8	1,657.1	1,572.4
Earnings applicable to common shareholders	227.0	171.1	95.5	157.9	190.9	174.0	67.8	93.6
Earnings per common share	0.65	0.50	0.28	0.47	0.56	0.52	0.20	0.27
Diluted earnings per common share	0.64	0.49	0.28	0.46	0.56	0.51	0.20	0.27
Dividends per common share	0.3075	0.2875	0.2875	0.2875	0.2875	0.2875	0.2500	0.2500

¹ Quarterly Financial Information has been extracted from financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles.

Revenue fluctuates primarily due to the seasonality of EGD. Typically, revenue peaks in the winter months during the first quarter and, to a lesser extent, in the fourth quarter of the year when higher gas volumes are sold. Also, EGD's revenue and earnings are affected by variations in the weather, especially in the winter, when warmer or colder than normal temperatures can result in lower or higher distribution volumes, respectively.

Significant items that impacted the quarterly earnings and revenue, in addition to the seasonal fluctuations described above, were as follows:

- First quarter 2007 included higher earnings from EGD due to colder weather than the prior year period and the receipt of 2005 hurricane insurance proceeds.
- Fourth quarter earnings in 2006 reflected higher earnings from the Enbridge System and Aux Sable, offset by lower earnings from EGD due primarily to warmer weather than normal and higher costs.
- Third quarter earnings in 2006 reflected higher earnings from Enbridge System, increased earnings from the Company's investment in EEP and the initial recognition of upside sharing in Aux Sable.
- Second quarter earnings in 2006 included the impact of tax rate reductions, which increased consolidated earnings by \$48.9 million. Revenues in the second quarter of 2006 were higher due to higher commodity prices and were offset by higher commodity costs.
- First quarter earnings in 2006 reflected increased earnings in the Enbridge System more than offset by lower results from EGD, due primarily to warmer than normal weather. Revenues in the first quarter of 2006 were higher due to higher commodity prices and were offset by higher commodity costs.
- Fourth quarter earnings in 2005 included a gain of \$7.6 million on the sale of land in CLH and a dilution gain of \$4.3 million in EEP.
- Third quarter earnings in 2005 were negatively impacted by Hurricanes Katrina and Rita and by non-cash losses on the fair value of derivatives in EEP.

OUTSTANDING SHARE DATA

	Number of Shares
Common Shares – issued and outstanding (voting equity shares)	367,142,483
Preference Shares, Series A (non-voting equity shares)	5,000,000
Total issued and outstanding stock options (7,834,760 vested)	11,539,184

Outstanding share data information is provided as at April 23, 2007.

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.

ENBRIDGE INC.**HIGHLIGHTS**

	Three months ended March 31,	
<i>(unaudited; millions of Canadian dollars, except per share amounts)</i>	2007	2006
Earnings Applicable to Common Shareholders		
Liquids Pipelines	68.9	66.3
Gas Pipelines	25.7	16.0
Sponsored Investments	17.8	20.2
Gas Distribution and Services	109.4	86.0
International	22.0	21.8
Corporate	(16.8)	(19.4)
	227.0	190.9
Cash Flow Data		
Cash provided by operating activities before changes in operating assets and liabilities	416.9	323.6
Cash provided by operating activities	765.9	714.5
Expenditures on property, plant and equipment	443.8	153.5
Acquisitions and long-term investments	0.6	156.1
Common share dividends	112.9	100.6
Per Share Information		
Earnings per Common Share	0.65	0.56
Diluted Earnings per Common Share	0.64	0.56
Dividends per Common Share	0.3075	0.2875
Shares Outstanding		
Weighted Average Common Shares Outstanding (millions)	350.7	339.0
Diluted Weighted Average Common Shares Outstanding (millions)	354.2	342.7
Operating		
Liquids Pipelines ¹		
Deliveries (thousands of barrels per day)	2,229	2,153
Barrel miles (billions)	203	198
Average haul (miles)	1,013	1,021
Gas Pipelines – Average Daily Throughput Volume (millions of cubic feet per day)		
Alliance Pipeline US	1,676	1,681
Vector Pipeline	1,007	1,153
Enbridge Offshore Pipelines	2,021	2,069
Gas Distribution and Services ²		
Volumes (billion cubic feet)	191	172
Number of active customers (thousands)	1,874	1,828
Degree day deficiency ³		
Actual	1,908	1,666
Forecast based on normal weather	1,894	1,894

1. Liquids Pipelines operating highlights include the statistics of the 16.6% owned Lakehead System and other wholly-owned liquid pipeline operations, excluding the Spearhead Pipeline and Athabasca Pipeline.
2. Gas Distribution and Services volumes and the number of active customers are derived from the aggregate system supply and direct purchase gas supply arrangements.
3. Degree-day deficiency is a measure of coldness which is indicative of volumetric requirements of natural gas utilized for heating purposes. 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 Greater Toronto Area.