



ENBRIDGE INC.

CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

June 30, 2009

ENBRIDGE INC.
CONSOLIDATED STATEMENTS OF EARNINGS

	Three months ended June 30,		Six months ended June 30,	
<i>(unaudited; millions of Canadian dollars, except per share amounts)</i>	2009	2008	2009	2008
Revenues				
Commodity sales	2,216.1	3,305.6	5,266.3	6,550.3
Transportation and other services	651.5	565.9	1,383.9	1,289.0
	2,867.6	3,871.5	6,650.2	7,839.3
Expenses				
Commodity costs	2,057.1	3,212.9	4,892.2	6,278.4
Operating and administrative	339.6	309.8	708.2	600.5
Depreciation and amortization	190.2	157.8	370.8	312.0
	2,586.9	3,680.5	5,971.2	7,190.9
	280.7	191.0	679.0	648.4
Income from Equity Investments	58.1	29.9	112.3	90.2
Other Investment Income	281.7	42.8	286.8	97.0
Interest Expense	(133.8)	(131.0)	(281.1)	(265.3)
Gain on Sale of Investments <i>(Note 3)</i>	28.8	694.6	364.9	694.6
	515.5	827.3	1,161.9	1,264.9
Non-Controlling Interests	(12.3)	(9.3)	(21.7)	(26.6)
	503.2	818.0	1,140.2	1,238.3
Income Taxes	(108.5)	(158.6)	(185.7)	(325.9)
Earnings	394.7	659.4	954.5	912.4
Preferred Share Dividends	(1.7)	(1.7)	(3.4)	(3.4)
Earnings Applicable to Common Shareholders	393.0	657.7	951.1	909.0
Earnings per Common Share	1.08	1.83	2.62	2.53
Diluted Earnings per Common Share	1.08	1.81	2.61	2.51

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended June 30,		Six months ended June 30,	
<i>(unaudited; millions of Canadian dollars)</i>	2009	2008	2009	2008
Earnings	394.7	659.4	954.5	912.4
Other Comprehensive Income/(Loss)				
Change in unrealized gains/(losses) on cash flow hedges, net of tax	70.7	7.5	(65.0)	3.5
Reclassification to earnings of realized cash flow hedges, net of tax	(6.9)	(7.5)	90.3	(3.1)
Reclassification to earnings of unrealized cash flow hedges, net of tax <i>(Note 3)</i>	-	-	(19.9)	-
Other comprehensive loss from equity investees	(17.1)	(27.4)	(12.6)	(34.8)
Non-controlling interest in other comprehensive income	5.5	12.5	2.6	17.8
Change in foreign currency translation adjustment	(359.8)	(102.3)	(271.8)	70.9
Change in unrealized gains/(losses) on net investment hedges, net of tax	106.7	56.1	64.6	(36.2)
Other Comprehensive Income/(Loss)	(200.9)	(61.1)	(211.8)	18.1
Comprehensive Income	193.8	598.3	742.7	930.5

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Six months ended June 30,	
<i>(unaudited; millions of Canadian dollars, except per share amounts)</i>	2009	2008
Preferred Shares	125.0	125.0
Common Shares		
Balance at beginning of period	3,194.0	3,026.5
Common shares issued	4.0	-
Dividend reinvestment and share purchase plan	66.3	74.2
Shares issued on exercise of stock options	14.6	27.6
Balance at End of Period	3,278.9	3,128.3
Contributed Surplus		
Balance at beginning of period	37.9	25.7
Stock-based compensation	14.2	10.1
Options exercised	(0.5)	(1.9)
Balance at End of Period	51.6	33.9
Retained Earnings		
Balance at beginning of period	3,383.4	2,537.3
Earnings applicable to common shareholders	951.1	909.0
Common share dividends	(276.6)	(243.9)
Dividends paid to reciprocal shareholder	8.2	7.3
Balance at End of Period	4,066.1	3,209.7
Accumulated Other Comprehensive Income/(Loss)		
Balance at beginning of period	32.8	(285.0)
Other comprehensive income/(loss)	(211.8)	18.1
Balance at End of Period	(179.0)	(266.9)
Reciprocal Shareholding	(154.3)	(154.3)
Total Shareholders' Equity	7,188.3	6,075.7
Dividends Paid per Common Share	0.74	0.66

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
<i>(unaudited; millions of Canadian dollars)</i>				
Operating Activities				
Earnings	394.7	659.4	954.5	912.4
Depreciation and amortization	190.2	157.8	370.8	312.0
Unrealized (gains)/losses on derivative instruments	(162.5)	56.1	(48.7)	21.4
Equity earnings (in excess of)/less than cash distributions	(10.0)	1.6	(17.8)	(40.8)
Gain on reduction of ownership interest	-	-	-	(12.3)
Gain on sale of investment in NetThruPut	(28.8)	-	(28.8)	-
Gain on sale of investment in OCENSA	-	-	(336.1)	-
Gain on sale of investment in CLH	-	(694.6)	-	(694.6)
Future income taxes	63.7	61.9	39.4	180.0
Allowance for equity funds used during construction	(28.7)	(12.2)	(60.6)	(20.9)
Non-controlling interests	12.3	9.3	21.7	26.6
Other	(41.5)	8.6	(30.7)	22.1
Changes in operating assets and liabilities	308.1	78.5	716.0	376.4
	697.5	326.4	1,579.7	1,082.3
Investing Activities				
Long-term investments	(0.8)	(1.6)	(1.7)	(6.8)
Sale of investment in NetThruPut	22.6	-	22.6	-
Sale of investment in OCENSA	-	-	511.8	-
Sale of investment in CLH	-	1,369.0	-	1,369.0
Sale of property, plant and equipment <i>(Note 7)</i>	87.2	-	87.2	-
Settlement of OCENSA currency hedges	-	-	5.8	-
Settlement of CLH hedges	-	(47.0)	-	(47.0)
Additions to property, plant and equipment	(539.8)	(636.5)	(1,350.4)	(1,232.5)
Additions to intangible assets	(11.4)	(16.3)	(38.1)	(32.3)
Change in construction payable	(45.7)	7.2	(88.4)	12.5
	(487.9)	674.8	(851.2)	62.9
Financing Activities				
Net change in short-term borrowings	(312.2)	(39.8)	(874.6)	(472.9)
Net change in commercial paper and credit facility draws	143.7	(782.2)	48.0	(243.3)
Net change in non-recourse short-term debt	17.2	3.7	(0.3)	4.9
Debenture and term note issues	400.0	-	400.0	-
Debenture and term note repayments	(316.2)	-	(416.2)	(100.0)
Net change in Southern Lights project financing	33.2	-	190.2	-
Net non-recourse long-term debt repayments	(36.3)	(30.6)	(37.0)	(30.1)
Distributions to non-controlling interests	(19.6)	(9.2)	(24.8)	(13.1)
Common shares issued	8.0	14.1	12.6	24.3
Preferred share dividends	(1.7)	(1.7)	(3.4)	(3.4)
Common share dividends	(106.4)	(87.0)	(210.3)	(170.5)
	(190.3)	(932.7)	(915.8)	(1,004.1)
Increase/(Decrease) in Cash and Cash Equivalents	19.3	68.5	(187.3)	141.1
Cash and Cash Equivalents at Beginning of Period	335.1	239.3	541.7	166.7
Cash and Cash Equivalents at End of Period ¹	354.4	307.8	354.4	307.8

See accompanying notes to the unaudited consolidated financial statements.

1. Cash and cash equivalents at June 30, 2009 consists of \$148.3 million (2008 - \$107.4 million) of cash and \$206.1 million (2008 - \$200.4 million) of short-term investments.

ENBRIDGE INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(unaudited; millions of Canadian dollars)</i>	June 30, 2009	December 31, 2008
Assets		
Current Assets		
Cash and cash equivalents	354.4	541.7
Accounts receivable and other	1,761.3	2,322.5
Inventory	601.0	844.7
	2,716.7	3,708.9
Property, Plant and Equipment, net <i>(Note 1)</i>	17,598.1	16,156.9
Long-Term Investments	2,171.5	2,491.8
Deferred Amounts and Other Assets <i>(Notes 1, 4 and 5)</i>	2,471.0	1,318.4
Intangible Assets <i>(Note 1)</i>	472.5	458.0
Goodwill	385.4	389.2
Future Income Taxes	150.3	178.2
	25,965.5	24,701.4
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term borrowings	-	874.6
Accounts payable and other	2,287.3	2,411.5
Interest payable	95.3	101.9
Current maturities of long-term debt	550.7	533.8
Current maturities of non-recourse debt	176.6	184.7
	3,109.9	4,106.5
Long-Term Debt	10,175.9	10,154.9
Non-Recourse Long-Term Debt	1,414.0	1,474.0
Other Long-Term Liabilities <i>(Notes 1, 4 and 5)</i>	1,205.8	259.0
Future Income Taxes <i>(Note 1)</i>	2,106.2	1,290.8
Non-Controlling Interests	765.4	797.4
	18,777.2	18,082.6
Shareholders' Equity		
Share capital		
Preferred shares	125.0	125.0
Common shares	3,278.9	3,194.0
Contributed surplus	51.6	37.9
Retained earnings	4,066.1	3,383.4
Accumulated other comprehensive income/(loss)	(179.0)	32.8
Reciprocal shareholding	(154.3)	(154.3)
	7,188.3	6,618.8
	25,965.5	24,701.4

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INC.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements of Enbridge Inc. (Enbridge or the Company) have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). These interim consolidated financial statements do not include all disclosures required for annual financial statements and therefore should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2008 Annual Report. These accounting principles are different in some respects from United States generally accepted accounting principles (U.S. GAAP) and the significant differences that impact the Company's consolidated financial statements are described in Note 9. These interim consolidated financial statements follow the same significant accounting policies and methods of application as those included in the 2008 Annual Report, except as described in Note 1.

Earnings for interim periods may not be indicative of results for the fiscal year due to the seasonal nature of the gas distribution utility business and other factors.

Certain comparative amounts have been reclassified to conform to the current period's presentation.

1. CHANGES IN ACCOUNTING POLICIES

Accounting for the Effects of Rate Regulation

Effective January 1, 2009, the Company adopted revisions to the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1100, Generally Accepted Accounting Principles and Section 3465, Income Taxes. In accordance with the transitional provisions in these revised standards, the revisions to Section 1100 were adopted prospectively and accordingly, prior periods were not restated, while the revisions to Section 3465 were applied retrospectively without restatement of prior periods. The adoption of the revised standards did not impact the Company's earnings or cash flows.

Generally Accepted Accounting Principles

The revised standard no longer provides a temporary exemption for rate-regulated entities to permit assets and liabilities to be measured on a basis other than in accordance with primary sources of Canadian GAAP. As a result, for the Gas Distribution and Services' (GD&S) pension plans and post-employment benefits other than pensions (OPEB), the Company recognized post-employment benefit assets and liabilities for the amount of benefits expected to be included in future rates and recovered from, or paid to, customers. In addition, the Company reclassified reserves for future removal and site restoration in GD&S.

Pension Plans and OPEB

On adoption of the revised standard, at January 1, 2009, the Company recognized a net pension asset of \$156.8 million and a net OPEB liability of \$74.5 million, with an offsetting long-term regulatory liability and long-term regulatory asset, respectively. At June 30, 2009, the Company had a net pension asset of \$174.4 million and a net OPEB liability of \$79.4 million, with an offsetting net pension regulatory liability and a net OPEB regulatory asset.

Future Removal and Site Restoration Reserves

At January 1, 2009, on adoption of the revised standard, the Company reclassified reserves for future removal and site restoration of \$656.7 million, which were previously netted against Property, Plant and Equipment, to a long-term regulatory liability. At June 30, 2009, the Company had \$679.5 million of reserves for future removal and site restoration recorded in Other Long-Term Liabilities.

Income Taxes

The revised standard removes the exemption for rate-regulated entities to recognize future income taxes to the extent they were expected to be included in regulator-approved future rates and recovered from or refunded to future customers. As a result, on January 1, 2009, the Company recognized a future income tax liability of \$816.1 million on regulatory assets, primarily property, plant and equipment, with an offsetting long-term regulatory asset. A regulatory asset has been recognized as the associated future income tax expense is expected to be recoverable in rates.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

At June 30, 2009, the Company had a future income tax liability of \$837.8 million related to regulatory assets, primarily property, plant and equipment, with an offsetting long-term regulatory asset.

Long-term regulatory assets are recorded in Deferred Amounts and Other Assets and current regulatory assets are recorded in Accounts Receivable and Other. Long-term regulatory liabilities are recorded in Other Long-Term Liabilities and current regulatory liabilities are recorded in Accounts Payable and Other.

Intangible Assets

Effective January 1, 2009, the Company adopted CICA Handbook Section 3064, Goodwill and Intangible Assets, which establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. As a result of adopting this standard, the Company has reclassified certain software costs from Property, Plant and Equipment to Intangible Assets. This standard has been applied retrospectively and affects presentation only.

As a result of adopting this standard, on January 1, 2009, the Company reclassified \$232.7 million of net software costs from Property, Plant and Equipment to Intangible Assets. At June 30, 2009, the Company had \$259.1 million of net software costs recorded in Intangible Assets.

Commodity Inventory

Effective January 1, 2009, the Company changed its accounting policy for inventory held by its commodity marketing businesses and began measuring commodity inventory at fair value, as measured at the spot price less costs to sell rather than lower of cost or net realizable value. This measurement basis is a more reliable measurement for commodity inventory used for marketing purposes and better matches the commodity inventory with the derivatives used to “lock in” the margin. This change in accounting policy has been accounted for retrospectively and did not result in restatements of the comparative Consolidated Statements of Earnings, Comprehensive Income, Shareholders’ Equity or Cash Flows for the three and six months ended June 30, 2008 and the comparative Consolidated Statement of Financial Position as at December 31, 2008 as the amounts were considered immaterial. For the three and six months ended June 30, 2009, unrealized fair value gains on inventory, net of tax, were \$7.2 million and \$19.0 million, respectively.

2. SEGMENTED INFORMATION

Three months ended June 30, 2009

<i>(millions of Canadian dollars)</i>	Gas		Sponsored Investments	Gas		Corporate	Consolidated
	Liquids Pipelines	Pipelines		Distribution and Services	International		
Revenues	321.8	103.2	77.3	2,354.4	0.7	10.2	2,867.6
Commodity costs	-	-	-	(2,056.8)	-	(0.3)	(2,057.1)
Operating and administrative	(134.2)	(30.2)	(26.8)	(139.1)	(2.9)	(6.4)	(339.6)
Depreciation and amortization	(56.9)	(31.1)	(21.0)	(74.6)	-	(6.6)	(190.2)
	130.7	41.9	29.5	83.9	(2.2)	(3.1)	280.7
Income from equity investments	-	-	61.5	(3.4)	-	-	58.1
Other investment income and gain on sale of investments	38.6	7.4	2.8	(3.7)	(0.3)	265.7	310.5
Interest and preferred share dividends	(44.7)	(19.4)	(14.2)	(42.1)	-	(15.1)	(135.5)
Non-controlling interests	(0.5)	-	(10.1)	(1.6)	-	(0.1)	(12.3)
Income taxes	(27.2)	(11.1)	(26.6)	(12.6)	0.7	(31.7)	(108.5)
Earnings applicable to common shareholders	96.9	18.8	42.9	20.5	(1.8)	215.7	393.0

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Three months ended June 30, 2008

<i>(millions of Canadian dollars)</i>	Gas						
	Liquids Pipelines	Gas Pipelines	Sponsored Investments	Distribution and Services	International	Corporate	Consolidated
Revenues	269.8	83.5	72.4	3,440.9	2.4	2.5	3,871.5
Commodity costs	-	-	-	(3,212.9)	-	-	(3,212.9)
Operating and administrative	(115.6)	(30.1)	(23.7)	(128.8)	(4.3)	(7.3)	(309.8)
Depreciation and amortization	(42.4)	(23.3)	(18.8)	(71.4)	(0.2)	(1.7)	(157.8)
	111.8	30.1	29.9	27.8	(2.1)	(6.5)	191.0
Income from equity investments	-	-	22.9	(4.5)	13.1	(1.6)	29.9
Other investment income and gain on sale of investments	14.0	1.2	1.5	6.0	705.2	9.5	737.4
Interest and preferred share dividends	(30.3)	(16.2)	(14.6)	(47.0)	-	(24.6)	(132.7)
Non-controlling interests	(0.4)	-	(7.0)	(1.8)	-	(0.1)	(9.3)
Income taxes	(18.8)	(6.2)	(10.7)	3.8	(138.3)	11.6	(158.6)
Earnings applicable to common shareholders	76.3	8.9	22.0	(15.7)	577.9	(11.7)	657.7

Six months ended June 30, 2009

<i>(millions of Canadian dollars)</i>	Gas						
	Liquids Pipelines	Gas Pipelines	Sponsored Investments	Distribution and Services	International	Corporate	Consolidated
Revenues	633.5	204.1	152.0	5,635.3	2.1	23.2	6,650.2
Commodity costs	-	-	-	(4,891.2)	-	(1.0)	(4,892.2)
Operating and administrative	(284.1)	(60.6)	(51.3)	(288.0)	(5.7)	(18.5)	(708.2)
Depreciation and amortization	(108.4)	(58.8)	(41.8)	(148.5)	(0.2)	(13.1)	(370.8)
	241.0	84.7	58.9	307.6	(3.8)	(9.4)	679.0
Income from equity investments	-	-	103.5	8.8	-	-	112.3
Other investment income and gain on sale of investments	69.3	9.3	4.5	5.2	343.3	220.1	651.7
Interest and preferred share dividends	(77.9)	(38.2)	(28.4)	(89.7)	-	(50.3)	(284.5)
Non-controlling interests	(0.8)	-	(16.8)	(3.3)	-	(0.8)	(21.7)
Income taxes	(43.7)	(20.8)	(47.4)	(74.1)	(6.7)	7.0	(185.7)
Earnings applicable to common shareholders	187.9	35.0	74.3	154.5	332.8	166.6	951.1

Six months ended June 30, 2008

<i>(millions of Canadian dollars)</i>	Gas						
	Liquids Pipelines	Gas Pipelines	Sponsored Investments	Distribution and Services	International	Corporate	Consolidated
Revenues	544.2	166.1	141.6	6,977.4	5.1	4.9	7,839.3
Commodity costs	-	-	-	(6,278.4)	-	-	(6,278.4)
Operating and administrative	(224.7)	(51.9)	(43.5)	(260.6)	(7.8)	(12.0)	(600.5)
Depreciation and amortization	(82.7)	(44.3)	(37.9)	(143.3)	(0.4)	(3.4)	(312.0)
	236.8	69.9	60.2	295.1	(3.1)	(10.5)	648.4
Income from equity investments	(0.3)	-	58.0	9.1	25.0	(1.6)	90.2
Other investment income and gain on sale of investments	22.0	6.0	21.3	9.3	710.6	22.4	791.6
Interest and preferred share dividends	(54.9)	(31.6)	(30.4)	(98.1)	-	(53.7)	(268.7)
Non-controlling interests	(0.7)	-	(22.0)	(3.4)	-	(0.5)	(26.6)
Income taxes	(50.5)	(17.2)	(34.0)	(73.9)	(138.3)	(12.0)	(325.9)
Earnings applicable to common shareholders	152.4	27.1	53.1	138.1	594.2	(55.9)	909.0

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Additions to Property, Plant and Equipment

<i>(millions of Canadian dollars)</i>	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Liquids Pipelines	453.0	488.3	1,213.8	939.3
Gas Pipelines	29.0	31.0	58.4	96.0
Sponsored Investments	7.2	14.3	7.2	24.9
Gas Distribution and Services	71.0	69.2	131.8	139.5
International and Corporate	8.2	45.7	(0.2)	53.7
	568.4	648.5	1,411.0	1,253.4

3. DISPOSITIONS

Gain on Sale of Investments

<i>(millions of Canadian dollars)</i>	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
NetThruPut (NTP)	28.8	-	28.8	-
Oleoducto Central S.A. (OCENSA)	-	-	336.1	-
Compañía Logística de Hidrocarburos CLH, S.A. (CLH)	-	694.6	-	694.6
	28.8	694.6	364.9	694.6

NTP

On May 1, 2009, the Company sold its investment in NTP, an internet-based exchange facility for physical crude oil products, for proceeds of \$32.1 million. Earnings generated by the NTP investment were nil (2008 - \$0.2 million) and \$0.8 million (2008 - \$0.6 million), for the three and six months ended June 30, 2009, respectively, and are included in the Corporate operating segment.

OCENSA

On March 17, 2009, the Company sold its investment in OCENSA, a crude oil pipeline in Colombia, for proceeds of \$511.8 million (US\$402.4 million). There were no earnings or cash flows from operating activities generated by this investment for the three months ended June 30, 2009 (2008 - \$7.7 million). Earnings and cash flows from operating activities generated by this investment for the six months ended June 30, 2009 were \$6.6 million (2008 - \$15.4 million). Earnings from the OCENSA investment were included in the International operating segment. As a result of the sale of OCENSA, the Company reclassified \$19.9 million of after-tax gains on unrealized cash flow hedges from Other Comprehensive Income (OCI) to earnings.

CLH

On June 17, 2008, the Company sold its 25% investment in CLH for total proceeds of \$1.38 billion (876 million euros), including a dividend receivable of \$17.3 million (10.9 million euros), net of transaction costs. Earnings generated by the CLH investment were \$15.5 million and \$24.7 million for the three and six months ended June 30, 2008, respectively, and were included in the International operating segment. Cash from operating activities generated by the CLH investment were \$11.5 million for both the three and six months ended June 30, 2008.

4. RISK MANAGEMENT

The Company is exposed to cash flow and revaluation risk due to the volatility of interest rates. In May and June 2009, the Company entered into additional derivative instruments to mitigate cash flow volatility due to the effect of future interest rate fluctuations on current and anticipated debt issuances. The total notional principle of interest rate derivative instruments outstanding at June 30, 2009 for the years ended December 31, 2009 through 2013 and thereafter is \$3,814.5 million, \$4,700.5 million, \$4,146.0 million, \$4,546.0 million,

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\$4,146.0 million, and \$1,900.0 million respectively. At June 30, 2009, the Company had a net derivative asset of \$29.2 million related to interest rate derivative instruments.

A 1.0% increase in interest rates would have caused a \$4.2 million increase in earnings and a \$171.2 million increase in OCI at June 30, 2009 due to the revaluation of interest rate derivatives. The sensitivity has been calculated assuming a parallel 1.0% increase in interest rates across the yield curve.

5. POST-EMPLOYMENT BENEFITS

The Company has three basic pension plans, which provide either defined benefit or defined contribution pension benefits, or both, to employees of the Company. The Liquids Pipelines and Gas Distribution and Services pension plans provide Company funded defined benefit pension and/or defined contribution benefits to Canadian employees of Enbridge. The Enbridge U.S. pension plan provides Company funded defined benefit pension benefits for United States based employees. The Company has four supplemental pension plans which provide pension benefits in excess of the basic plans for certain employees. The Company also provides OPEB for qualifying retired employees. Costs related to the period are presented below.

Net Pension Plan and OPEB Costs

<i>(millions of Canadian dollars)</i>	Three months ended		Six months ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Benefits earned during the period	15.0	12.1	30.6	25.8
Interest cost on projected benefit obligations	20.2	18.0	40.6	35.6
Expected return on plan assets	(19.9)	(23.2)	(40.0)	(45.8)
Amortization of unrecognized amounts	5.5	1.2	11.1	3.1
Amount charged to Enbridge Energy Partners, L.P.	(6.0)	(2.4)	(12.5)	(4.9)
Pension and OPEB Costs	14.8	5.7	29.8	13.8

The table reflects the pension and OPEB cost for all the Company's benefit plans on an accrual basis. For costs related to the GD&S pension and OPEB plans, offsetting long-term regulatory assets and liabilities have also been recorded at June 30, 2009. Prior to a change in accounting policy on January 1, 2009, the GD&S plans were accounted for on a cash basis. Using the cash basis for GD&S rate regulated plans and the accrual method for all other plans, the Company's net pension and OPEB cost was \$6.2 million and \$14.2 million for the three and six months ended June 30, 2008.

6. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has signed contracts for the purchase of services, pipe and other materials totalling \$1,299.2 million.

Enbridge Gas Distribution Inc.

Bloor Street Incident

The Company had been charged under both the Ontario Technical Standards and Safety Act (TSSA) and the Ontario Occupational Health and Safety Act (OHSA) in connection with an explosion that occurred on Bloor Street West in Toronto in April 2003. In October 2007, all of the TSSA and OHSA charges laid against the Company were dismissed by the Ontario Court of Justice. The decision has been appealed by the Crown to the Ontario Superior Court of Justice. The appeal is scheduled to be heard by the Court during November 2009. The Company does not believe any fines that may be levied will have a material financial impact on the Company.

ENBRIDGE INC.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Company has also been named as a defendant in a number of civil actions related to the explosion. All significant civil actions have been settled without any material financial impact on the Company. A Coroner's Inquest in connection with the explosion is also possible.

GST Overpayment

In December 2007, EGD discovered that it had remitted excess GST to the Canada Revenue Agency (CRA). In respect of certain months within the 2003 to 2005 calendar year periods, the amount of such overpayment was approximately \$40 million and was included in accounts receivable. In April 2009, the Company received the requested refund of GST overpayments, including interest, from the CRA.

Other Tax Matters

Enbridge and its subsidiaries maintain tax liabilities related to uncertain tax positions. While fully supportable in the Company's view, these tax positions, if challenged by tax authorities, may not be fully sustained on review.

Other Litigation

The Company and its subsidiaries are subject to various other legal actions and proceedings which arise in the normal course of business. While the final outcome of such actions and proceedings cannot be predicted with certainty, Management believes that the resolution of such actions and proceedings will not have a material impact on the Company's consolidated financial position or results of operations.

7. RELATED PARTY TRANSACTIONS

On May 1, 2009, the Company sold a section of the Spearhead Pipeline to its affiliate, Enbridge Energy Partners, L.P. (EEP), an equity investee, for proceeds of US\$75 million. This related party transaction has been recorded at the exchange amount which was equal to the carrying amount.

On February 20, 2009, as part of its Southern Lights Project, the Company transferred the United States section of a newly constructed light sour pipeline to EEP in exchange for a pipeline referred to as Line 13. This non-monetary transaction has been recorded at the carrying amount and did not have any impact on the consolidated financial statements.

8. SUBSEQUENT EVENTS

On July 20, 2009, the Company committed to fund 66.7% of the cost to construct the United States segment of the Alberta Clipper Project. The total cost of the United States segment, which is expected to be in service in mid-2010, is estimated at US\$1.2 billion, with total expenditures to date of US\$0.3 billion.

ENBRIDGE INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

9. UNITED STATES ACCOUNTING PRINCIPLES

These consolidated financial statements have been prepared in accordance with Canadian GAAP. The effects of significant differences between Canadian GAAP and U.S. GAAP for the Company are described below.

Earnings and Comprehensive Income

	Three months ended June 30,		Six months ended June 30,	
<i>(millions of Canadian dollars, except per share amounts)</i>	2009	2008	2009	2008
Earnings under Canadian GAAP Applicable to Common Shareholders	393.0	657.7	951.1	909.0
Earnings under Canadian GAAP	394.7	659.4	954.5	912.4
Inventory valuation adjustment, net of tax ³	(3.3)	-	(19.0)	-
Earnings applicable to non-controlling interests ¹	89.3	46.1	143.8	132.0
Earnings under U.S. GAAP	480.7	705.5	1,079.3	1,044.4
Other comprehensive income/(loss) under Canadian GAAP	(200.9)	(61.1)	(211.8)	18.1
Underfunded pension adjustment, net of tax ⁴	(0.3)	(0.2)	(26.5)	0.1
Comprehensive income applicable to non-controlling interests ¹	(103.5)	(137.5)	(83.9)	(148.1)
Comprehensive income under U.S. GAAP	176.0	506.7	757.1	914.5
Comprehensive income under U.S. GAAP attributable to non-controlling interests ¹	14.2	91.4	(59.9)	16.1
Comprehensive income under U.S. GAAP attributable to Enbridge Inc. ¹	190.2	598.1	697.2	930.6
Earnings per Common Share under U.S. GAAP	1.08	1.83	2.58	2.54
Diluted Earnings per Common Share under U.S. GAAP	1.07	1.82	2.57	2.52

ENBRIDGE INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Financial Position

<i>(millions of Canadian dollars)</i>	June 30, 2009		December 31, 2008	
	Canada	U.S.	Canada	U.S.
Assets				
Current Assets				
Cash and cash equivalents ^{2,5}	354.4	513.5	541.7	961.0
Accounts receivable and other ^{2,5}	1,761.3	2,399.6	2,322.5	3,174.8
Inventory ^{2,3,5}	601.0	637.1	844.7	911.3
	2,716.7	3,550.2	3,708.9	5,047.1
Property, plant and equipment, net ^{2,5}	17,598.1	25,985.5	16,156.9	24,505.3
Long-term investments ^{2,5}	2,171.5	234.3	2,491.8	412.2
Deferred amounts and other assets ^{2,4,5,6}	2,471.0	2,358.0	1,318.4	2,079.5
Intangible assets ⁵	472.5	573.4	458.0	566.6
Goodwill ⁵	385.4	806.1	389.2	807.7
Future income taxes	150.3	150.3	178.2	178.2
	25,965.5	33,657.8	24,701.4	33,596.6
Liabilities and Shareholders' Equity				
Current Liabilities				
Short-term borrowings	-	-	874.6	874.6
Accounts payable and other ^{2,5}	2,287.3	2,902.2	2,411.5	3,202.7
Interest payable ⁵	95.3	158.9	101.9	143.6
Current maturities of long-term debt	550.7	847.1	533.8	533.8
Current portion of non-recourse debt ^{2,5}	176.6	176.6	184.7	706.0
	3,109.9	4,084.8	4,106.5	5,460.7
Long-term debt ⁶	10,175.9	14,613.6	10,154.9	10,256.9
Non-recourse long-term debt ^{2,5}	1,414.0	1,287.7	1,474.0	5,447.5
Other long-term liabilities ^{2,4,5}	1,205.8	1,345.8	259.0	398.6
Future income taxes ^{2,3,4}	2,106.2	2,027.0	1,290.8	2,014.2
Non-controlling interests ^{1,5}	765.4	-	797.4	-
	18,777.2	23,358.9	18,082.6	23,577.9
Shareholders' Equity				
Share capital				
Preferred shares	125.0	125.0	125.0	125.0
Common shares	3,278.9	3,278.9	3,194.0	3,194.0
Contributed surplus	51.6	-	37.9	-
Retained earnings ³	4,066.1	4,014.2	3,383.4	3,350.5
Additional paid in capital	-	95.5	-	81.7
Accumulated other comprehensive income/(loss) ⁴	(179.0)	(310.4)	32.8	(72.0)
Reciprocal shareholding	(154.3)	(154.3)	(154.3)	(154.3)
	7,188.3	7,048.9	6,618.8	6,524.9
Total Enbridge Inc. Liabilities and Shareholders' Equity				
	25,965.5	30,407.8	24,701.4	30,102.8
Non-Controlling Interests ^{1,5}	-	3,250.0	-	3,493.8
	25,965.5	33,657.8	24,701.4	33,596.6

ENBRIDGE INC.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. *Accounting for Non-Controlling Interests*

On December 4, 2007, the FASB issued Statement No. 160, Non-controlling Interests in Consolidated Financial Statements. The Statement requires that non-controlling interests in subsidiaries is reported as equity on the Statement of Financial Position and requires that Comprehensive income attributable to non-controlling interests is disclosed. The standard impacts presentation only and does not impact the recognition or measurement of amounts related to non-controlling interests. The Company adopted this standard on January 1, 2009.

Included in Comprehensive Income for the three months ended June 30, 2009 are earnings of \$89.3 million (2008 - \$46.1 million), a decrease in currency translation adjustment of \$38.9 million (2008 - \$3.2 million decrease) and an after-tax change in unrealized loss on net investment hedges of \$3.2 million (2008 - \$12.5 million) attributable to non-controlling interests.

Included in Comprehensive Income for the six months ended June 30, 2009 are earnings of \$143.8 million (2008 - \$132.0 million), a decrease in currency translation adjustment of \$24.7 million (2008 - \$10.5 million increase) and an after-tax change in unrealized loss on net investment hedges of \$2.2 million (2008 - \$17.8 million) attributable to non-controlling interests.

2. *Accounting for Joint Ventures*

U.S. GAAP requires the Company's investments in joint ventures to be accounted for using the equity method. However, under an accommodation of the U.S. Securities and Exchange Commission, accounting for jointly controlled investments need not be reconciled from Canadian to U.S. GAAP if the joint venture is jointly controlled by all parties having an equity interest in the entity. Joint ventures in which all owners do not share joint control are reconciled to U.S. GAAP. The different accounting treatment affects only display and classification and not earnings or shareholders' equity.

3. *Commodity Inventories Valuation*

For Canadian GAAP commodities inventories are recorded at fair value. U.S. GAAP requires that commodity inventories be recorded at the lower of cost or market. For the six months ended June 30, 2009, lower of cost or market adjustments resulted in a \$30.8 million decrease to inventory, an \$11.8 million decrease to the future income tax liability and a \$19.0 million decrease to earnings. For the three months ended June 30, 2009, lower of cost of market adjustments resulted in a \$3.3 million decrease to earnings.

4. *Pension Funding Status*

FAS 158, *Employers' Accounting for Defined Pension and Other Postretirement Plans*, requires an employer to recognize the overfunded or underfunded status of a defined benefit post retirement plan or OPEB as an asset or liability and to recognize changes in the funded status in the period in which they occur through comprehensive income. FAS 158 adjustments resulted in an increase in the net liability of \$198.8 million (December 31, 2008 - \$158.7 million) for the underfunded status of the plans, a decrease in future tax liability of \$67.4 million (December 31, 2008 - \$53.8 million) and an increase in accumulated other comprehensive loss of \$131.4 million (December 31, 2008 - \$104.9 million).

The Company estimates that approximately \$3.6 million related to pension and OPEB plans at June 30, 2009 will be reclassified into earnings during the next 12 months.

5. *Consolidation of a Limited Partnership*

As a result of adopting EITF 04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights*, the Company is consolidating its 27.0% interest in Enbridge Energy Partners (EEP) for U.S. GAAP purposes, resulting in an increase to both assets and liabilities of \$7,861.7 million (December 31, 2008 - \$8,248.2 million) and no recognition or measurement changes to equity or earnings.

6. *Future Income Taxes*

Under U.S. GAAP, deferred income tax liabilities are recorded for rate-regulated operations, which follow the taxes payable method for ratemaking purposes. As these deferred income taxes are expected to be recoverable in future revenues, a corresponding regulatory asset is also recorded. These assets and liabilities are adjusted to reflect changes in enacted income tax rates. At December 31, 2008, a deferred tax liability of \$803.3 million is recorded for U.S. GAAP purposes and reflects the difference between the carrying value and the tax basis of property, plant and equipment. Effective January 1, 2009, regulated companies following the taxes payable method are required to record this additional tax liability under Canadian GAAP.