

FINAL TRANSCRIPT

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PRESENTATION

Vern Yu - *Enbridge - VP - Investor Relations*

Good morning. I'd like to ask everyone to take their seat if they could, please. My name is Vern Yu, and I'm the Vice President of Investor Relations for Enbridge, and welcome to the Eleventh Annual Enbridge Day.

We have the vast majority of our senior management team here today, and the format of today's meeting will be similar to the last few where we've had each of our executives give a short presentation, which will be followed up by Q&A. And I guess the key point I want to advise people during the Q&A, if you could please wait for a microphone before you ask your question as we're webcasting this event.

And with that, I'll pass it over to Pat Daniel.



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Pat Daniel - Enbridge - President, CEO

Well, thanks, Vern. Good morning, everyone, and welcome to Enbridge's Eleventh Annual Investor Day Conference. And great to see such great turnout today, and we understand we also have a lot of people on the webcast and very much appreciate them tuning in.

Vern was just mentioning to me that someone mentioned to him last night that they preferred to do it on the webcast because then they could kind of tune of us out when they didn't want to listen and tune us when they did, but you're free to do the same. If you -- if you're not attentive, we're not going to come along with a cane and whap you on the wrist, so don't worry about it.

This conference allows us an opportunity at Enbridge to review in some detail a lot of projects that we talk to you about and a lot of initiatives and some operating efficiencies and key issues that the Company is facing in some detail versus the normal road show, where we maybe aren't able to go into that much detail with you. We truly appreciate the amount of time that you dedicate, particularly today, in spending with us and going into this level of detail to better understand the Company and the opportunities.

This is also a great opportunity for me to be able to put all members of our executive team in front of you, most of whom are going to be presenting today and, of course, all of whom are available to answer questions. So, feel free at any point to direct questions to any member of the management team, and on issues that aren't necessarily up in front of you today.

The tone of today's presentation is going to be particularly upbeat, and we're in the midst of the best year in the history of the Company and that comes after a 55-year period, as we mentioned last night, of earnings, EPS growth, of 13.1% total shareholder return on average over a 55-year period, steadily growing dividends and steady EPS growth, as I mentioned. So, this is the best year yet of all of that 55-year period and quite an outstanding track record for the Company.

I think even more important though than that upbeat mood associated with the 2009 earnings is the fact that we stand in front of you having just presented a plan to our Board of Directors for a five-plus-year outlook of 10% growth going forward, so well out into the middle of the next decade we're comfortable with the 10%-per-year growth forecast that we have talked to you about over the years.

And that is even off of our 2009 base -- so up 20% year-over-year and off of that base 10% growth out into the middle of the next decade. We have never presented to our Board a five-year plan with greater certainty, transparency and balance than what we have been able to do this year, so we are particularly pleased with that.

I'm going to skip over the forward-looking statements. I think you've all seen those often enough and you're -- they're in your book. This value proposition slide is one that we put in front of you and have put in front of you for a number of years. It is unique in our mind. Those of you that have followed the Company for a number of years know just how unique it truly is. The biggest challenge that we have in Investor Relations today is to make those not familiar with the Company familiar with the story and the uniqueness of that story.

I think it's fair to say that when you invest in this sector you come to expect low risk and steady income. That's -- that is pretty typical of the sector, and those are two attributes that all investors look for. No company has done a better job, whether you measure it on a one-year basis, a three-year basis, a five-year basis, a ten-year basis, or a 55-year basis of delivering on those two attributes than Enbridge has in North America.

I think what many outside the sector don't realize though is that we're also a growth stock. Over the past decade, we've had 8% EPS growth on average. This year it's 20% and, as I said, the next five-plus years are forecast to be 10%.



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It's predictable and it's transparent growth as well. It's not commodity-related. It's not FX-related. It's organic growth, with projects that we'll be able to lay out in some detail in front of you today. Many so-called growth companies would die for the kind of track record and growth that we've had in this Company and the outlook that we've got for growth going forward.

This is a busy slide. They're all in your book, and might be easier to read in the book than on the screen. But the low-risk steady income and growth that we have comes from an outstanding and diverse asset base, and that's why maps like this are so important to us. And it also comes from management discipline, and you'll get a feel for that management discipline as we go through our projects today.

So on the map in blue, our crude oil pipeline assets, representing the longest such network in the world; they hard-wire the world's second largest oil reserve in the oil sands in western Canada through to the best markets in the world, in the US Midwest.

In red, our natural gas assets, including Canada's largest distribution network, 1.9 million customers, our fully-contracted alliance and vector pipeline system, top quartile positioning the shale plays of the Lower 48 and best positioning in the deepwater Gulf of Mexico, as we've proved again this week.

And the third new emerging leg on the stool of our investment opportunities at Enbridge, green and renewable energy with a combination of wind farms, waste heat recovery units, a very interesting fuel cell application that we'll talk a bit about later, and as of very recently, this week, a solar project in Sarnia. And Jim Schultz will update you on that later in the meeting. So, very substantial asset base and very well positioned.

2008 earnings are -- were generated 60% from liquids projects, and we expect 2013 will be the same. And what's really remarkable about that is that we expect gas and renewables, in combination, to grow at that same very rapid growth rate as the liquids pipeline earnings are expected to grow over the five-year period. So we're going to be able to keep up with liquids pipelines in gas and renewables, and that's what I mean with regard to the diversity of the asset base and the growth plans for the Company.

This again is a very busy slide. You're all familiar with the \$14 billion wave of projects under development today and through 2012, and we're going to update you on many of those projects as we go through the day.

Most importantly though, post 2012 we've now secured over \$5 billion of new projects and we have a so-called pipeline of opportunities, all individually identified, of over \$30 billion under development. So, these aren't just ballpark estimates as to what we think those development opportunities would be. These are individually identified programs that we're working on and projects that we're working on. So, as I said earlier, even off of this lofty base of 2009 earnings, which will be 20% above 2008, we expect to realize 10% EPS growth over the next five-plus years at Enbridge.

Changing gears just a little bit -- and you might recall at our annual meeting this year I indicated the Enbridge would move towards a neutral environmental footprint by 2015 for all new projects going forward. And what we meant that -- a number of quick takeaways.

For every tree that we removed in providing safe right-of-way for pipelines, we're going to plant a tree. For every acre that we use in creating right-of-way, we're going to put an acre into a nature conservancy or some such organization. For every kilowatt of energy that we consume in our operations, we're going to generate a kilowatt of renewable energy by 2015.

The expected cost associated with this, and the costs are to tell you the truth very manageable, we think will more than pay back in terms of benefits. We feel this will allow us to continue to earn our social license to operate, which isn't automatic in this day and age. It will ease regulatory approvals on many of our projects. They'll continue to win the respect of our landowners. It'll help transition the Company to the energy industry of the distant future.



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And I say distant future because I think we all realize that we're going to gradually move towards more renewables. It will be a long period of time, though, before we transition out hydrocarbons. So, we think those are very important initiatives for Enbridge in transitioning the Company over the long haul.

I mentioned a few minutes ago our track record over the 55 years. It might be 50 years before you notice the full effect of the move that we're making on renewables, but you will notice it 50 years from now.

So, just let me present a few very quick takeaways that I think you're going to note during today's presentation, and I'm going to keep this at a very high level. I'll come back and talk about these at the end of the day as well. We feel there is substantial valuation upside in the stocks of Enbridge, and Richard Bird is going to quantify that for you more fully later on. We've got the highest EPS growth in the sector. We've got the lowest business risk in the sector as well. A very interesting combination; highest growth and lowest risk.

Obviously in the liquids pipeline side, oil sands growth is going to continue, particularly in the area from Fort McMurray down to Edmonton. We're already very active in a period of time when things have slowed somewhat.

Significant growth opportunities in oil sands opportunity -- in the regional pipelines and also in extending markets, where we feel there are a number of projects that we'll talk about later today that are going to be required by producers to get broader markets for Canadian crude oil, and to all the way along focus on customer netbacks, which is really what has driven the business plan for Enbridge, whether it's been in oil pipelining, gas pipeline projects, but to improve the customer netbacks.

On the natural gas side growth opportunities have never been better, and that's one of the reasons why gas and renewables together will be able to keep with the oil pipeline growth over the next five years. We've got very strong competitive positioning on the gas side of the business. It's not as big and as dominant as our crude oil pipeline map yet, but it's very well positioned for growth going forward. And we're improving the risk return profile on the gas projects, particularly the Gulf of Mexico, and Steve Letwin will speak more to that later on.

So, that's a very quick summary of some of the things you're going to hear from us today, and a very quick overview as to where we stand. I think what I will do is stop at that point and take any Q&A that you've got before we move on to the liquids pipelines part of the presentation.

Andrew?

QUESTIONS AND ANSWERS

Andrew Kuske - *Credit Suisse - Analyst*

Andrew Kuske, Credit Suisse -- just a question on the balance of acquisitions versus greenfield development, because obviously you've got a pretty big pipeline of projects, no pun intended, in the next few years and then really beyond 2012, but to what degree do you start to look at the acquisition market, and really take advantage of your cost of capital that you've got relative to your peer group?

Pat Daniel - *Enbridge - President, CEO*

Well, I think that when you sit as we do, Andrew, with 10% growth over the next five-plus years on organic growth, with the low-risk nature of that organic growth, that we don't feel we're going to need to supplement that a lot with M&A activity.

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And that doesn't mean to say that there's something that comes along that improves the positioning -- the strategic positioning has growth potential that fits very well with Enbridge, that we won't look at it, because we look at everything.

Anything that you see that's been available, you can rest assured that Enbridge has looked at it. But, it has to be able to match our growth rate or provide the opportunity to do that and fit with the low-risk profile of the investment. So we will look, but this is based entirely on organic growth -- the plan that we've put in front of you.

Andrew Kuske - *Credit Suisse - Analyst*

So just a follow up, this whole business -- the Energy Infrastructure business, really is a cost-of-capital game. How do you see the US players really competing against yourselves and TransCanada who have much lower cost of capital than all the names in the US?

Pat Daniel - *Enbridge - President, CEO*

Well, I think it's going to be a struggle for them to compete, and I think we're seeing that right now. It's one of the reasons why we're making great inroads the way we are in the Gulf of Mexico.

And to tell you the truth, the competitive landscape in the US is probably easier for us now than it has been in recent history, largely because we don't have that many other pure pipeline players in the business and the cost of capital has become an issue. Many of the assets there have been held in MLPs and, as you know, the MLP market is not extremely strong right now. So Enbridge, I think, has another further competitive advantage in that regard.

Any other questions? I realize most of them are going to be addressed as we go through the day.

So, let's start off with liquids pipelines, and I'm going to ask Guy Jarvis, who is Senior Vice President of Business Development and Liquids Pipelines, to come up. And Guy is pinch-hitting for Steve Letwin, or sorry, for Steve Wuori. And I'm sure that you realize that Steve Wuori suffered some great personal tragedy with the loss of his son recently and, therefore, is not able to be at the meeting today.

He did ask that I pass along to many of you a thanks for the cards, the messages and the calls that he received from a lot of you, his friends, as a result of this family tragedy. But Steve, I know, is going to be listening in on the webcast today, and will undoubtedly correct Guy if he makes any mistakes.

Guy, over to you.

PRESENTATION

Guy Jarvis - *Enbridge - SVP - Business Development, Liquids Pipelines*

Thanks, Pat, and good morning, everyone. Before I get into the presentation, I would just like to take a minute to remind everybody that a primary objective of our Liquids management group, and for that matter all of the operating groups within Enbridge's safety, we strive for zero incidence and we work hard every day to minimize the potential for safety and environmental issues. The safety of our employees and the communities that we work in is paramount to our current and ongoing success.

Just to run you through a bit of the agenda of what I have to present today, we'll be taking you through a business -- our business plan as it relates to liquids pipelines. Before we get to the main part of the presentation that focuses on our business development



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efforts, we'll give you a bit of an overview of our current assets and a high-level look at the fundamentals that are driving our business.

Once that's completed, I will walk you through each one of our strategic regions and the activities that we have in those arenas, but there are a couple of common threads that run through these strategies that are worth pointing out.

First, they're all geared to capitalize on the growing supply profile in the oil sands in western Canada, and importantly maximizing and improving producer netbacks. Second, the strategies are based on building infrastructure incrementally so as to minimize capital and operating costs to industry.

If we can use existing pipelines or existing rights-of-way that will always be -- they will always be considered as our first option. If we can bridge a customer on existing assets and thereby make their project economics stronger, we will take this approach.

All of this will help to minimize the impact on the communities we work in, on the environment and on the overall economics of such projects to producers and shippers. Our ability to perform in this manner stems from our asset positioning and the economies of scale that our system brings with it.

So just a quick reminder -- an overview of our Enbridge system. As you're aware, the US is the largest energy consumer in the world and they import about 10 million barrels per day of crude oil. Enbridge is the largest single source of crude oil to the United States, and moves the vast majority of crude out of the western Canada sedimentary basin.

Approximately 70% of western Canadian exports, or 10% of the US imports, move on the Enbridge system daily. With security of supply taking on an even greater profile, this should see Canada's relative export position strengthen.

In fact, Canadian crude is displacing supply is either in natural decline like Mexican crude or is that sourced from unreliable producers like Venezuela or the Middle East. I'll speak later to the fact that this, of course, leads to opportunities to open up new markets for our customers and, once again, focus on ensuring the highest possible netbacks.

It's also important to note that Enbridge is not only the largest, but also the most complex, system in the world and consists of six separate lines running from western Canada into the US and eastern Canada. This multitude of lines offers great economies of scale but, just as important, allows us to ensure quality is maintained to the highest degree and offers us and our shippers increased flexibility in the crude slate that is exported. In fact, we ship almost 100 different types of products on our pipelines, ranging from diluted bitumen produced in the oil sands all the way to jet fuel.

This slide is probably very familiar to many of you as it depicts our latest western Canadian supply forecast. The top of the gray slice on the chart shows an increase in western Canadian production from the current level of 2.5 million barrels a day, to 4.1 million barrels per day over the next decade.

This forecast, of course, has come down from the one we would have been showing in 2008, which is the dotted line, which is no surprise given the slowdown that we have seen since that time. Our previous forecast had volumes growing by 7% annually, and we're now looking at about 4% annual growth, which is still a positive outlook.

Our latest forecast is also very similar to CAPP, the Canadian Association of Petroleum Producers' forecast. Ours is slightly in the later years of the forecast, as we assume that very little of the incremental crude oil production growth will be upgraded in Alberta and, therefore, the volumetric difference between the two forecasts tends to relate to the diluent that is required in our dilbit scenario.

Our view continues to be the most of deferred projects will still go ahead but a more modest pace, and that will -- they will be developed in a phased manner, much like you see Imperial Oil planning to do with their Kearl projects. Volume growth continues



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to be driven by bitumen and synthetic crude, and that product slate lines up very well with the heavy processing capability south of the border and, in particular, increasing the coking capacity in the US Midwest refining market.

From an industry perspective, this slower pace will result in greater sustainability through lower capital costs, and a more orderly development of the resource. And, as you will see in a moment, our assets are well suited to provide the right transportation service for producers in this environment.

Moving to our mainline and diluent capacity segment, the forecasts from a few years ago led industry to sponsor a large number of expansion projects out of Alberta into the US markets. And, in fact, due to the recent slowdown in projections for expected crude supply, it has probably led to a surplus capacity out of the Western Canada Sedimentary Basin to markets in the United States well into the middle of the next -- the middle half of the next decade.

These mainline capacity development projects and the Southern Lights diluent line made up 80% of the capital associated with our first wave of crude oil development projects. Al Monaco will be commenting on the progress we have made on these projects, but let me just reiterate that all of these projects have a commercial underpinning, which is very attractive.

On average, they attract a 12% return on equity at the project level with a 50/50 capital structure. We have no volume risk. We have no operating costs or interest expense risk and no, or very limited, capital cost risk. So, these are very attractive projects, which will increase Enbridge's free cash flow greatly as they are placed into service.

I just want to highlight our Southern Lights pipeline project, which will move much needed diluent supply from the Midwest to the Alberta market. This is an even more important project today, given the deferral of previously planned upgrading capacity in Alberta.

Again, this asset has approximately a 10% return with no volume risk. In fact, there is a kicker in this project in that Enbridge is able to maintain 25% of all revenues on spot volumes from the pipeline that need to remain uncontracted for regulatory purposes.

Should these volumes be used, we could expect our return on equity for Southern Lights to increase by up to 3%. Should producers choose to ship more and more raw bitumen to downstream refiners in the US and forego further upgrading in Alberta, increased diluent supply will be needed not too long after Southern Lights comes into service. And the pipeline is easily expandable to 330,000 barrels per day with the addition of pump stations.

The next area I'd like to focus on is the Alberta regional infrastructure, and we believe there is a lot potential in this area for both short-term and medium-term time horizons. This first slide provides an overview of our existing infrastructure and commercially secured projects. It is a bit of a messy slide, but that's a good thing in our minds as it shows the large presence that we already have and the numerous opportunities that are in front of us.

In addition, you should take a look at the names that are involved in this region. These represent some of the largest companies in the energy business, and they are all interested in developing the oil sands in a sustainable and economic manner.

It may also surprise you that there's a lot of activity in this area, whether it is existing shippers looking to expand their operations and therefore increase their capacity requirements, or the new projects looking for infrastructure to tie their production into our mainline.

Just last week, the EnCana spin-off oil company called Cenovus announced that they would be going ahead with their new oil sands project that will use a combination of steam and solvents to draw the bitumen to the service. This project will be located very close to their Christina Lake project, which is already shipping on Enbridge's Athabasca pipeline.



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We are in active discussions with all of the major oil sands developers such as Suncor, EnCana, Husky, Total, Statoil, just to name a few. Our strategy here is to capitalize on our existing assets and connect new production to the two key markets in Edmonton and Hardisty, Alberta.

Our competitive position in this area stems from a few factors. First, we have the deepest track record for on-time, on-budget development and the economies of scale of being the largest operator in the area. We are the only operator with two large-diameter systems in operation serving both Hardisty and Edmonton markets, so we have the unique capability of providing access to both those market hubs, which allows producers to potentially split their volumes and diversity their markets.

Most important, existing capacity on these two systems provides producers with cost effective and timely bridging capacity for initial production until they have proven up their projects to a point where they may need a dedicated pipeline solution. And this capacity has low-cost expansion capabilities associated with it, again, through the addition of incremental pump stations. All of this combined optimizes the use of existing infrastructure, meaning lower up-front capital investment and a reduced industry footprint.

Our Athabasca pipeline, which is depicted on our slide here, runs through the heart of the oil sands to the Hardisty Hub. We have -- currently have four oil sands projects connected to this system, and we're very well positioned to capture additional volumes. The current capacity of the Athabasca system is 390,000 barrels per day, but the system can be expanded to approximately 570,000 barrels a day with new pump stations. We have effectively oversized the line in anticipation of new volumes.

On the commercial side, long-term committed take-or-pay capacity underpins our return requirements on this investment, and that return is enhanced as we attract new volumes. This structure allows us to be very competitive in offering service to new projects.

Similarly, our Wapasu pipeline, which went into service in 2008, has three of the new oil sands projects connected to it. This system is currently configured to carry 350,000 barrels per day and, much like the Athabasca system, it can be expanded to in excess of 500,000 barrels per day with additional pumping capacity.

A great example of how we have capitalized on our bridging capacity is our recently announced deal with Imperial Oil for their Kearl project. In this case, our customer will be able to utilize existing capacity on Wapasu pipeline to move their Kearl Phase I volumes from Cheecham to Edmonton, without building a new dedicated line from the outset.

Moving over quickly to speak a bit about the Kearl project, we recently entered into an agreement with Imperial and Exxon to provide blended bitumen service on a new pipeline, which will be known as the Woodland Pipeline. We can assure you that this project has the same basic business model that all of our current projects have, which includes an attractive return, no volume risk and minimal capital cost risk.

As the slide indicates, the Woodland Pipeline will initiate at the Kearl mine site and initially will terminate at our Cheecham terminal. The Kearl partners have recently elected a 36-inch diameter pipeline solution, which we're very pleased to be moving forth with. And at this stage of the game, our early cost estimate for the pipeline and related terminal facilities at Cheecham is in the neighborhood of CAD\$425 million.

This first phase of the project is scheduled to be in service in 2012, and from there Imperial and Exxon will utilize the Wapasu line to transport their bitumen to Edmonton. If their customers decide to move forward with other phases of Kearl, we could extend the new-build pipeline from Cheecham all the way down into Edmonton. In the event that the partners elected a 36-inch capacity on that segment of the pipeline as well, that system could have an ultimate capability of up to 800,000 barrels per day.

Enbridge is also the designated service provider for the Fort Hills Project, which involves a dual bitumen blend and diluent return system. As you know, the Fort Hills development has been delayed, but we continue to work closely with our customer.



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Comments by UTS are encouraging, noting that they have been able to reduce the cost structure of the project. But, the ultimate decision will largely rest with Suncor, and they have stated that they need some time to prioritize their resource development options. So with the Kearl project now under our belt, Fort Hills provides good upside and would extend our growth well into the future.

And as you can see, we are very well positioned in this region. We've got a good combination of existing assets with built-in upside, a significant new project in Kearl, and with the Fort -- and more upside with the Fort Hills project. We're actively working on a number of other projects that we should be able to disclose in the near future in this area.

Turning to our other feeder systems, Enbridge operates the major regional pipeline systems in the Bakken play. Both the Saskatchewan and North Dakota systems completed expansion projects in 2008, and new expansions are underway. In Saskatchewan, we're increasing capacity by 129,000 barrels per day system-wide, and this \$120 million expansion should be in service by late 2010.

On the US side, in North Dakota, we're increasing capacity by 51,000 barrels per day through a \$100 million expansion, which will be ready for service next year. Enbridge is actively working on the next round of expansions on both sides of the border.

One such project would be the reversal of the portal link, which would allow the oil to flow from North Dakota up into Saskatchewan, where it could then utilize the Saskatchewan system to access the Enbridge mainline. This expansion could add anywhere from 30,000 to 115,000 barrels per day and involve capital investment of \$100 million to \$300 million.

These discussions are in their early stages, and we hope to be able to secure commercial support before the end of the 2009. And while these opportunities are sizable and attractive in their own right, they are very important to Enbridge in that they also serve to increase our mainline transportation throughput volumes.

Continuing on with the Bakken area. As you are all probably aware, they've been -- the Bakken area has been experiencing significant growth in the amount of recoverable oil. Almost all of this increase has been coming from improved technology related to the Bakken Shale.

What you may not be aware is that although we have seen a fall-off in drilling and it is not -- it is not to the same extent that has been experienced in other parts of North America. The Bakken assets are still seen as top tier. Producers can make good returns at \$50 oil, and there's also some natural gas potential in this area that Steve Letwin is going to speak to a bit.

Additional crude is now expected to be recoverable from the Three Forks and Sanish formations, which we've got depicted on our build-up slide here. The keys to cracking the code in this area has been horizontal drilling technology and multi-stage fracturing with predictive technologies.

Through operational changes, it is believed that producers will be able to drill numerous wells from one pad, accessing numerous geological formations, and thereby making the Bakken, Sanish and Three Forks formations much more economical.

This is in an area whose potential is still largely unknown, and that's why we have shown the chart on this page as we have. I should note that this slide only represents the North Dakota section of the Bakken, but is illustrative of the Basin as a whole. With these exciting estimates, we are looking at various options to meet the capacity demands; the portal reversal I mentioned earlier being the first of such.

In our contract, terminalling, and storage business, a large part of the work that's going on right now within Enbridge is the completion of our Hardisty terminal, which will have 7.5 million barrels per day of capacity, making it the second largest facility on our system.



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The project is underpinned by long-term take-or-pay contracts and consists of 19 tanks, which we have been phasing into service this year. As needs and supply forecasts change, there is an ability to continue to expand our sites as well as construct new tankage facilities at both Superior and Flanagan in the US.

As I mentioned earlier in the presentation, due to the large amount of export capacity from the Western Canada Sedimentary Basin, it is important that we're always looking for ways to increase our customers' netbacks. And in order to do this, we must broaden the reach of our system to access new markets for Canadian crude.

The green arrows on this slide represent the further penetration into our traditional Eastern PAD 2 market and ultimately the US east coast. The east coast is a primarily light crude refining market and will provide an outlet -- a good outlet for western Canadian synthetic crude. PAD 1 refiners are also looking to diversify their sources of light supply.

The red arrows identify our recently completed Spearhead reversal project that was an important step into the Cushing market, as well as several initiatives that we are considering in terms of access to the Gulf Coast.

Enbridge continues to believe that with the current supply environment, a smaller-volume, phased approach to the US Gulf Coast makes the most sense, utilizing existing pipe, minimizing new capital investment, along with minimizing environmental and landowner issues along -- through the use of existing right-of-ways.

Longer term, and by longer term we believe it to be in the second half of the next decade, there may be a need for a large diameter pipeline to access the US Gulf Coast. Enbridge's Texas Access project would represent such a solution at that time.

Finally, Al Monaco will update you on the progress we have made with the Gateway Project, which would provide an outlet for both bitumen and synthetic crude and access both Asian and California markets, thereby opening up a completely new market to Alberta producers and ensure that they would receive world pricing for their commodity.

As with all businesses, things evolve and there's -- and that is no different with our Liquids Pipelines business. Enbridge has always been an innovator, most notably by the creation of the first incentive tolling arrangement almost 15 years ago, and we're always looking for new and innovative ways to ensure that our services add the most value to our customers.

Currently, we are renegotiating our incentive tolling agreement with CAPP, and there is not much else that I can update you on that topic today. We are focused on optimizing the current system, whether that is through the minimization of power costs or continuing to ensure that batch quality is maintained. Due to the numerous lines we operate we are able to look at optimization and provide flexibility that many others cannot.

And lastly, it is in Enbridge's best interest to look for innovative approaches and structures to maximize our customer returns. These range from long-term planning of infrastructure requirements for our new oil sands projects and refinery upgrades to the short-term, day-to-day ability to respond to supply and refinery disruptions and all that activity that takes place in between to ensure that we provide competitive, reliable delivery of crude oil across our system.

So to summarize, the oil sands will continue to grow, and Enbridge's strengths of being able to offer large economies of scale should help in minimizing producer capital, Enbridge's best position to serve the Alberta regional needs in the most economical and efficiency manner.

Enbridge will pursue system extensions in our traditional market areas and to new markets to ensure the best possible netbacks for customers. And lastly, Enbridge will continue to look for innovative approaches and structures to maximize customer returns.

So with that, we can open the floor to questions.



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QUESTIONS AND ANSWERS

Unidentified Audience Member

When you spoke of the ability to increase capacity in both the Athabasca and Wapasu pipelines, I was just wondering if you can provide some guidance as to what the incremental capital associated with those expansions would be?

Guy Jarvis - Enbridge - SVP - Business Development, Liquids Pipelines

Yes. We're in the process right now of working up more detailed estimates on that. I think on the Wapasu pipeline, depending -- we have a two-stage plan, or a single-stage plan, and I think the capital at a high-level estimate would be in the \$150 million to \$200 million range. On the Athabasca system, I believe it's closer to the \$200 million number.

Carl Kirst - BMO Capital Markets - Analyst

Good morning. Carl Kirst with BMO, I actually had the same question on the Southern Lights. If we move that to 300, what does that extension entail?

Guy Jarvis - Enbridge - SVP - Business Development, Liquids Pipelines

You know, I am not sure about the -- I'm getting the signal that it would be in the neighborhood of \$200 million.

Carl Kirst - BMO Capital Markets - Analyst

Okay, great. Thank you. And then just one follow on, as a clarification, you mentioned possibly the second half of next decade we might need another oil pipe down to the Gulf Coast. Is that assuming Keystone expansion goes forward, or not?

Guy Jarvis - Enbridge - SVP - Business Development, Liquids Pipelines

No, I think certainly if the Keystone Excel expansion goes ahead, the time lines for opportunities that would -- will evolve over time on the Enbridge system will have to be reevaluated.

Carl Kirst - BMO Capital Markets - Analyst

Okay, thank you.

Andrew Kuske - Credit Suisse - Analyst

Andrew Kuske, Credit Suisse, if you could just give us a little bit of color and context on the discussions you're having with shippers now, because we're seeing really the front edge of the consolidation.

So, we saw the Suncor/Petro-Canada merger and see the consolidation of interests, the producers basically have greater optionality as to which resources they're going to bring on, which should bring a longer-term development of the oil sands in a much more sensible, rational fashion and people aren't competing against each other. But from a pipeliners' perspective it -- the balance of power shifts a little bit. And so, how is that really translated onto the negotiations with the producers? And how do you see that on a go-forward basis?

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Guy Jarvis - Enbridge - SVP - Business Development, Liquids Pipelines

Right. Well, I think in the current environment in terms of the balance of power, we still believe that the balance that tips in our favor, it's just the fact that we have our assets in the ground. We have the ability to expand them very economically. We can provide these guys with a lot of flexibility to grow and prove this production that they've got planned in a manner that allows them to make the bigger decision about possibly a dedicated, large-diameter system for several years into their development cycle.

We have not experienced at this stage of the game what I would consider to be a direct impact of the consolidation that you're talking to. We're dealing with very large companies almost predominantly anyway, so they bring the weight that they bring to the table in terms of being able to procure on their own or through competitors alternatives that we have to compete against.

Andrew Kuske - Credit Suisse - Analyst

And then just a slightly different question as it relates to Gateway.

Guy Jarvis - Enbridge - SVP - Business Development, Liquids Pipelines

Yes?

Andrew Kuske - Credit Suisse - Analyst

So obviously, there's going to be -- if Keystone Excel goes ahead, there would be a considerable amount of excess pipeline capacity for years to come. When you start to think about the acquisitions of oil sands interest from the Asian players -- so what will it take to actually see Gateway go ahead? Because several years ago you had the MOU with PetroChina for 200,000 barrels and they didn't really have any interest in the oil sands. Now, there's actually much more significant interest in the oil sands, leases at least, at this stage.

Guy Jarvis - Enbridge - SVP - Business Development, Liquids Pipelines

Right.

Andrew Kuske - Credit Suisse - Analyst

And so, what -- what will be the tipping point and when do you see that happening?

Guy Jarvis - Enbridge - SVP - Business Development, Liquids Pipelines

Well, again, our view on excess capacity is -- has a number of components to it. There's a volume component to it, which is making sure there's enough capacity that producers aren't apportioned, making sure there's enough capacity to deal with kind of the market fluctuations of refineries going up and down and supply disruptions.

The third leg of that then is really the market access leg, and in our view market access and capacity is more a value question than a volume question. So, a tipping point in our view on Gateway will be if our interested shippers on that line are convinced that the addition of that new pipeline is going to improve their pricing in western Canada beyond the cost that will be incurred to hold all of that capacity. So, we're taking more of a value look at it than a volume look.

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Robert Kwan - RBC Capital Markets - Analyst

Robert Kwan, RBC Capital Markets. In Pat's slide earlier on the \$30 billion in your development opportunities for 2012 plus, one of the largest components in your market assets, can you talk about some of the projects that are in there and the timelines as to whether that's five years or ten years? And then also, where you've got multiple solutions, most notably into the Gulf Coast, does that include all of the things like Texas Access, the BP joint venture and Trailbreaker?

Guy Jarvis - Enbridge - SVP - Business Development, Liquids Pipelines

Well, I think they -- the largest ones that would probably be in there for the new market access would be Gateway. Texas Access, I think, is far enough out that if it's in that it would be on the front end. It's -- I'm being advised it's not in there. So, I think Gateway would represent the largest chunk of that new market access.

Matthew Akman - Macquarie Capital Markets - Analyst

Thanks, very much. It's Matthew Akman from Macquarie Capital Markets, and actually my question is -- you're off the hook. My question's for Pat, and I've had my coffee now and I remembered most of my -- and it is around the oil pipeline business, so -- and it's clear that you guys have had some big hits in oil pipeline investment.

But, I think the market is seeing a lot of uncertainty as to what's going to happen with the oil sands going forward, because obviously with carbon regulation, even if the oil price is cyclical, that there's a -- there's some uncertainty about the extent of oil sands development. And it looks like we're going to have a big over-capacity in export oil pipelines, if Keystone to the Gulf Coast goes ahead, for quite a long time.

So my question is, is Enbridge prepared for the possibility that there's a long-term drought in big major export pipelines in the oil business? And is Enbridge prepared to shift, become more of a multi-infrastructure company than just -- or, not just, but primarily an oil pipeline company? Is it a not-so-much Enbridge?

Has the Board considered the idea that Enbridge might have more emphasis on renewable power or gas pipelines, or any other type of infrastructure going forward? Or, does it have to be still that core -- for the most part an oil pipeline company?

Pat Daniel - Enbridge - President, CEO

So, Matthew, a whole lot of questions in there, and let me try to go at it from the top. First of all, with regard to the your -- the concluding part of your question. As I mentioned in my introductory remarks, we're going to get as much growth out of the gas and renewables part of the business over the next five-plus years as we will out of the liquids size of the business.

Both are going to grow at a 10% rate on average through the middle of the next decade. So the any to your question is, yes, we are going to be very balanced; the combination of gas development, renewable development and oil development.

I will say though, and as Guy has pointed out, the oil sands are anything but dead. And even though there have been concerns around this label of dirty oil and environmental issues and we're -- we have issues today, public relations issues in the oil sands, I think the most notable thing that has occurred in the last 6 months in the oil sands has been the decision granted by the Department of the State in the US with regard to our Alberta Clipper Project.

And if you read the wording of the approval granted by the Department of the State, which took them 16 months longer to grant than we wanted it to take, but they went through a very careful process of considering all of the issues. They indicated security and supply to the US is so critically important that they recognize the oil sands must be developed, the oil sands

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production will flow to the US, that there are environmental issues, which will be part of domestic policy addressing Canada and, hence, granted approval for the project.

And I think that wording was critically important. In fact, one upstream CEO in Calgary indicated to me the most important thing that's been done for the oil sands since this label of dirty oil has been placed on it. So, in my mind, no doubt the oil sands will be developed. They will be developed in an environmentally responsible way, and the technology is improving every day, and security of supply will win out over concerns that there may be in the US with regard to greenhouse gas emission issues or environmental issues.

So oil sands will go, and a good part of what Guy has reviewed shows the kind of growth we're going to get -- the regional growth and longer-term extensions to new markets. And I think, as Guy has answered with regard to something like Gateway, even though we may not need the capacity out of western Canada, we may need the market diversification that comes with Gateway and the improvement in netback that that can bring for the producers.

So, we expect the oil sands will grow. We will extend markets, and we're going to be a combination of gas renewables and oil pipes. I know it was a long answer, but it was a long question.

Matthew Akman - *Macquarie Capital Markets - Analyst*

That was a long question.

Guy Jarvis - *Enbridge - SVP - Business Development, Liquids Pipelines*

Any final questions? If not, I'll pass it on to Steve Letwin.

PRESENTATION

Steve Letwin - *Enbridge - EVP - Gas Transportation & International*

Good morning. It's great to be back and talk about some of the exciting opportunities we're seeing in natural gas. This morning, we're going to talk about supply and demand fundamentals. And you had a great -- for those of you who were at the dinner last night, I think you had a very good information exchange with David Trice about what we see, with respect to shale plays and some of the game-changing events that are occurring with the development of that special technology that's led to significant increases in gas reserves in North America.

We're going to talk obviously about Enbridge's gas assets, and Pat mentioned earlier on the fact that our assets are very well positioned. We're going to speak to that more specifically in the gas transportation with Alliance, Vector and Aux Sable. And by the way, the picture on the front of the gas section is actually a compressor station on our Vector system.

We're going to talk about the offshore Gulf of Mexico, which is an especially exciting time for us in terms of the development more recently. And again, you no doubt saw the press release yesterday about an extension of that outreach, another \$250 million posting for us on top of the \$500 million in the Walker Ridge gas gathering in the Big Foot Oil yesterday.

I'm going to talk about what's going on in Texas and Louisiana. We're going to talk about our gas distribution system. And by the way, we have the president of the gas distribution system -- our headquarters for the distribution system resides here in Toronto.



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And Janet Holder -- Janet, please stand up. Janet's here with us today. And I'd encourage you if you have an opportunity to talk to Janet after the presentations or during lunch please do so. She has just done an outstanding job for us at the Company in the last couple of years. And finally, I'm going to talk about Enbridge Energy Partners, which is headquartered in Houston, which of course Enbridge Inc. owns 27% of.

So, what's going on in the Gas business? Well, we have approximately 500 Bcf more gas in the ground than we did at this time last year. It is hugely over-supplied mainly because we had a lot of gas going into the injection season coming out of the winter last year, plus we had the worst recession in recent years.

Steve Letwin - *Enbridge - EVP - Gas Transportation & International*

So if we go to the top end of that, we're projecting to have about 3.8 trillion to 3.9 trillion cubic feet in the ground. The injection season basically ends around the first week in November, and then the gas will start coming out of the ground by regulation and feeding the demand as we get into the heating season.

This, interestingly enough -- and this slide is dated and it's impossible to keep up with the changes in the commodities as you know. As David Trice talked about last night, gas prices are very volatile, as oil prices are, and I don't pretend to understand why gas prices currently on the screen are \$2 higher than the cash price. And let me explain that for a minute.

So, we've seen a significant drop in gas prices from last year of \$13 down to -- Henry Hub hit a low in September, just before the September long weekend, of \$1.62, which is absurdly low and obviously not sustainable. The market then turned around and decided that it was way too low and that we are, in fact, going to have a very cold winter and that rig counts are down so much that we should move it back up. So this morning, as we speak, the NYMEX for November is trading at \$5.08.

The Henry Hub for October this morning is \$3.06, so there's the \$2 difference. So what the market is saying to us in the Gas business is that prices have fallen too far. Prices should be higher in order to sustain production, and with any kind of cold winter we should see a more bullish price outlook for gas, more in the \$5 to \$8 range, which David Trice talked about last night.

It'll be interesting to see as we move forward on the -- go -- move forward in October whether or not cash, which is sitting at \$3, and the NYMEX, which is sitting at \$5, actually converge. Carl and I were talking about this last night. History has shown that cash tends to move up. With all the gas that's in the ground, it's going to be interesting to see whether or not that actually happens.

What has happened in response to that is that conventional drilling has been sharply reduced and that high-productivity wells, which David again talked about last night in his talk, in and around the shale plays have increased.

So, our rig count in the Lower 48 has gone from 1,600 rigs last year to just under 700 rigs in July. Now, that rig count has increased more recently. We're back up to about 1,000 rigs; 700 are gas rigs, 300 are oil rigs. And we are starting to see the rigs come back, slowly but surely. We're seeing the Haynesville. We're seeing them in the Marcellus. We're seeing them more predominantly in the Lower 48 in the shale plays, where it is very economic to drill wells today.

And in terms of production, we really haven't seen the kind of production declines that would be associated with that previous slide. And, in fact, for the -- I think the first time we saw anything of note was last week or the July timeframe. Keeping in mind that we have this time lag, we saw about an 800-per-day drop in production year-over-year.

So, the market is starting to sense rig count down, supply down, coming into winter, have a lot of gas in storage. But knowing that storage is used for optimization on cold days, we should see prices start to elevate, and that's what you're seeing in the market today. Gas prices are a lot more bullish. And, in fact, in February you can sell or buy gas at \$6.15. So if you're a producer today, you can go out and hedge your production in February at over \$6.



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If you look at the summer strip next year, you can do it at around \$6 and change, which while not anywhere near as high as last year makes drilling for natural gas, especially in the shale plays, reasonably economic.

So the question you have to ask yourself, and again David Trice talked about this last night, will we see this volatility continue in gas? The view would be, yes you are, simply because the producers who hedge and then bring rigs back, we're going to see supply increase. And unless there's an economic draw for that gas or a change in the demand for gas, we're going to continue to see the volatility in natural gas.

That is not the best thing for us as people in the business because over the course of the time, unless that demand grows the volatility associated with the prices makes it a product that's difficult to sell to the market.

The good news is, if you look at this slide, is that the view would be with electricity generation, power generation and the push to reduce the carbon footprint, we are going to see total natural gas consumption increase, in the US particularly. And the hope would be that this increase in demand is going to offset the proliferation of gas that comes with the shale and the return of higher prices that we're seeing in 2010.

We could talk about it for hours, and I've been known to do that, and I'm not going to do that today for fear of being that welder on the front of the binder. So -- which Pat had threatened me with, but I will be happy to answer questions any time though.

I study it all the time, because it's a big part of the business that I'm in. And we look at it because when we talk about the dynamics of pipelining, pipelines are driven by basis and price differentials; if you don't have them, you don't build pipes. It's no different than in the oil business.

So, we study it, we understand it and, more importantly, we anticipate it. And I think one of the successes that we've had at Enbridge has to do with anticipation, whether it's Pat Daniel and -- back in 2004 at a planning session taking the bull by the horns on the crude oil, or it's on the natural gas side with Doug Krenz with Walker Ridge, those kind of anticipations, if you will, have led to some great organic growth opportunities for the Company.

So, prices are recovering with rising demand. That curve obviously is very misleading, because it's going to look more like a heart monitor than it is going to look like that particular graph depicting prices just going up in that kind of a slope. It's going to be very, very volatile, and I think it's going to be very challenging for us to try and pick places and opportunities to build pipelines.

The next slide that I'm going to show basically talks to why -- and you'll see this link later on -- why we think our positioning with Enbridge is so unique. Not surprisingly, you see in the Lower 48 in the southeast where all of us at some time may want to migrate and live, that being Florida -- you see a significant increase in power generation and gas demand that goes with it. Also in the northeast just because of population flows and, yes, even in Texas where I live where it's 104 today -- that I don't miss, but I don't like it when it gets cold here either.

So, you're seeing population growth increases in this part of the US that will drive power demand and, therefore, gas demand. You see it up in western Canada with the oil sands -- you see it somewhat in eastern Canada. But for the most part that eastern corridor, from Texas up to the US northeast is showing some significant demand over the next five to ten years. And this lays the template for us to grow our pipelines from where we are today.

The shale deposits -- you saw this last night I'm not going to dwell a long time on it, but what a game-changer this has been. And, as David said last night, almost like -- and I don't want to be sounding critical of the Gas business. I've been in this gas business a long time, on the upstream and downstream side now -- midstream side for almost 30 years, but I guess I was asleep at the switch as much as anybody.



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To tell you that in 1998 when shale plays were first being developed in the Barnett, I actually looked at it and said, no way, this isn't going to do what they're expecting it's going to do.

And the technology that was being used -- and for those of you who aren't familiar with the drilling techniques, it's very much like an octopus into the ground where you have extensions of pipes into a geological formation where you send water and sand and pressure, and basically explode the gas molecules from these tight formations. And the gas comes up at a very high rate, declines at a very high rate, but the productivity of the wells are phenomenal.

So, this start really began in north Texas in the Barnett, and you can see that on the slide, and then, it's moved from there. As technology has been applied to other shale plays, it has grown exponentially. And you have, as you heard last night, significant activity in the Marcellus, which is the Pennsylvania region.

You have significant activity north of the Barnett. You have the Haynesville, which is a very popular area right now where rig counts have actually increased. You have the Horn River up in Canada and the Montney, northeast BC, and a lot of excitement about the activity in North America to be able to meet our natural gas needs without having to bring in LNG, creating jobs that David talked about and opportunities for pipeline companies like Enbridge.

Why is this so attractive? This slide illustrates the cost of the shale gas, and what you see on this slide is that the Haynesville at \$3.50 in terms of its all-in costs and its required strip for a 10% IRR at \$6 gas in February today -- what would you be doing as a producer? I'd be hedging if I could sell my gas at over \$6 in the Haynesville and I would be continuing to produce, and a lot of them are.

The tougher play goes out to the right where you can see in the Piceance. And as you get into the more Alberta-type opportunities, the vertical plays on the conventional side, it gets north of \$5 and even as high as \$7.

We have many areas, where you see in the red, that feed the Enbridge assets. Now, if I just say -- whether it's luck or good planning or a combination of both, we are significantly positioned to take advantage of these low-cost shale plays. And you can see some of them are very familiar. The Deep Bossier, and I'm going to show this in a map shortly, the Haynesville, Horn River, which feeds our Alliance System and the Barnett, again, that feeds our systems in Texas.

So, many of these plays -- the Granite Wash again up in the Anadarko region -- are right center to what we are trying to do with our assets and the Montney, of course, which is just south of the Horn River in northeast BC, very rich shale, gas, which again feeds our Alliance system. So, this development has laid some very, very good opportunities for the Company going forward.

This graph, or this slide, depicts where we think gas flows are going to be. And not surprisingly, in terms of the western Canadian Sedimentary Basin where we've seen a lot of decrease in drilling activity, we don't expect that the continuation of Canadian gas, the 9 Bcf to 10 Bcf a day moving in the US will continue.

It's not because there isn't enough gas. It's simply because economically we think as these plays compete with the shale plays in the south that this gas will not be as economically attractive to drill, and you will find a migration of rigs, which you're encountering today, to the south.

So, gas moving along the TransCanada system to the east is going to be challenged. It's challenged today. Gas moving to the west with the new Ruby system being put in place out of the Rockies, that blue arrow from the Rockies is the El Paso Ruby Pipeline, is going to be challenged, again, economically not as attractive.

REX is in place. It's moving gas from the Rockies east. That is a game changer. That pipeline will force gas -- probably north when you're looking at some of the gas coming out of the western Canadian system, also potentially may push a little bit south.



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And with the Gulf onshore and offshore opportunities that we're seeing, we see extensions of those systems, you can see them in the blue, moving gas both to the US southeast, northeast and a little bit west.

The offshore Gulf of Mexico in terms of gas, we see that onshore for us, offshore shallow area decreasing. But in terms of where we are with the significant oil play discoveries, the associated gas, which we will take advantage of will increase. Onshore Gulf of -- or, the shallow offshore Gulf of Mexico we see as decreasing. The amount of LNG coming in offshore, at one time anticipated it could be as high as 14 Bcf a day. We don't see getting much higher than 3 Bcf day at this point in time going out some five years.

So, all of these slides sort of lay the framework for our assets, and so the gas demand-supply fundamentals that we've talked about, if you overlay that with where our assets are, let's talk a little bit about why we're excited. And I'm going to walk you through these in a lot more detail as I go through the slides, but what are we trying to do when we look at this map in terms of our current assets? Well, we're going to try and extend the template.

And I've said this to you over the 11 years I've been up here. If there's one thing I've learned its old pipe beats new pipe, so we constantly try to look to improve or extend returns on our existing assets. Any time we can do that, we're looking at rates of return that are in the mid teens usually.

We're working to reduce the risk associated with a few of the assets, and some of those that we're working on and I think have had success have been the Gulf of Mexico. And lastly, we're looking to connect new shale gas finds, which we again are trying to anticipate where that development's going to be.

So, the Alliance Gathering & Receipt Service, you can see moving down from Fort St. John right in the heart of the shale plays of the Horn River and Montney, connecting with Chicago, extending from Chicago to Dawn with Vector, feeding our gas distribution system. Our prolific extension of gas assets in Texas, Louisiana and Gulf of Mexico all look to be potential projects and extensions that will add very nice rates of return for the Company.

People ask me on this particular slide, "Well, if western Canadian gas is depleting and is not as economic, why are you so bullish about Alliance?" And I'm bullish about Alliance because, as Pat indicated, we're fully contracted to 2015. So, that's a start.

We think that this shale development that we're talking about in northeast BC will take the next three to four years to develop. And we think because of the decline in volumes moving on the TransCanada system, the significant toll advantage that Alliance has on gas-on-gas competition will win the day.

We have a depreciating asset up against an asset that, while very good and very attractive for many years, is being challenged by the number of gas molecules moving east. In fact, in 2010 the toll advantage that Alliance will have when you factor in the fact that we have liquids that move on the Alliance system will be as high as \$0.40 an Mcf. That will bring gas down the Alliance system.

And as we look at recontracting Alliance, the view would be this pipeline is going to be full. It's going to be full because the tolls are attractive to the eastern zone, and it's going to be attractive because it carries richer gas that is going to be very economically attractive in an era where gas prices are going to stay reasonably low relative to oil.

You can disagree with that view, but it's our view that relative to gas on a Btu basis, the disconnection has occurred. We don't see it coming back in the near term. And what I'd mean by that is that at \$80 oil and \$6 gas, we're going to see that 12 to 14 times multiple on a Btu basis, which makes processing, or processing, depending on where you live, very attractive going forward. So Alliance feeding Aux Sable, which produces 70,000 barrels a day of liquids, is going to be a very attractive, integrated system relative to anything else.



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So, we see some real upside going forward, and Alliance is going to feed into the Montney, which is rich gas. Alliance crosses through the Bakken that Guy Jarvis talked about, which is very rich gas, feeding into Aux Sable, taking the liquids out, selling the liquids at a nice premium and then taking the methane gas that's used for residential use onto the Vector system and towards Toronto where Janet is selling it at a -- unusually prices today, great job, so a very, very exciting position for us when we look going forward.

On the Aux Sable side of things, we used to -- this used to be the bad child. In fact when I came into the job, Richard, who as you know is -- Richard Bird is probably one of the best guys I've met in terms of structuring financial deals. I haven't met anybody better, and I've been around a long time.

But he also has a good ability to hand things off to me that, at the time, didn't look very good. And being naive I'd take them. So, [proceed] that back just when it was dipping at the beginning of the chart, that's when I got it. And the view of Aux Sable was, jeez, why don't get out of this thing?

And like many things at Enbridge, and Pat refers to this, one of the things that I like about this company and what's kept me here for so long is this team approach to problem solving. Somebody said to me last night, who's the author of this? We were talking about the Walker Ridge Gas Gathering.

And I said, "Well, you know, we really don't have an author. We have a group of people who put their minds at solving problems and generally over time find a solution to." We don't have a lot of people in VD, and I think you all know that.

But we have some select people in different areas, and we're not very political by nature in the Company and we're very much boundaryless. So, if I want to talk to Vern Yu about risk management or Richard Bird about a financial structuring or Al Monaco or Steve Wuori or Bonnie DuPont or David Robottom, it's a very fluid process. And Pat sort of sits there and orchestrates this.

But, we looked at this problem and said, how can we fix it? So, we structured a deal with British Petroleum, BP, that basically creates a floor on what we can lose at Aux Sable because of the volatility of the asset.

And we created a 20-year agreement that basically limits losses and puts us in a position where we can hedge, and we can hedge knowing that we have a floor and we have a group of people in Vern's group that are very good at looking out and stabilizing the asset.

And what you see on that graph is the work of many people that have been able to structure this asset in such a form where we drive about \$40 million a year in earnings. Now, that -- that's going to be very dependent on the commodities.

But, if anybody would have said to me back in 2001, 2002 that this asset would be driving earnings at around that \$30 million to \$40 million range on a more predictable level like a pipeline, and Pat mentions that, we turn everything we have into a pipeline dynamic, we've done this with Aux Sable.

I think this asset has some great upside. I think because gas prices are going to be moderated, whether you're looking at LNG coming in because there's nowhere else for it to go, whether you're looking at the proliferation of the shale plays, whether you're looking at anything there is in gas, I think the cost of goods going into this facility are going to remain attractive relative to the price of oil.

You can disagree with that, and you may. That's the view we have, and we think it's going to create some great opportunities to continue to do that level of hedging.

And taking a look now at the offshore, and by the way, I was involved in this one, 2005, decided we should buy offshore assets, did that in January and then had two of the worst hurricanes in the history of mankind. It wasn't a good year for me. But again, we took a look at it and said, what can we do to solve this? And I'm going to talk a little bit of how we have.



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The ultra-deep has become a new area of play for us, very large reservoirs, very deep wells, production expected to grow, all oil-driven by the way but with associated gas, and the technology that we have today to explore this part of the Gulf is phenomenal.

I was just out on our West Cameron 509 platform about 87 miles, and I invite any of you if you want to come out and see this to come out. We'll take you out and show you how this works. It is absolutely amazing in terms of what they're able to do today. And Al Monaco in his new role as major projects expert is going to talk about that a little bit later on.

So what did we do, and how did this happen? How did we change the look? Well, we looked up north and saw all these commercial arrangements that Bird was putting together on the crude oil side and how attractive they were. We took a look at the fact that Pat was a little bit disappointed, as he should have been, with the initial performance of the asset and said, fix it.

And we said, okay. Well, how do we do that? And Doug Krenz, to his credit, led this group and started discussions with Chevron about three years ago about ways to restructure our commercial arrangements, which just were not -- with the new environment, with the new risks, weren't acceptable as a pipeline company because we don't have the commodity to bring us back on site.

So, what did he do? Well, he structured agreements, which I would call win/win, Chevron a great company, great operator, sat down with us and we developed contracts that have a minimum of return with no volume risk, no capital cost risks and a relationship with strong, credit-worthy counterparties.

And last but not least, we're going to use the center of excellence that Monaco has developed in his major projects area to execute what we said to Chevron we were going to do. If you put all that together, and we have a very good opportunity for this company looking at fairly attractive rates of return in what Pat described as a low-risk environment.

And from a map standpoint, you can see where this is, again, a long way out in the Gulf. And in fact, when you think about hurricanes, the further you go out the less risky it is because the biggest damage, as you know, that hurricanes cause are the -- when you get closer to shore and you have the surges.

So, the Walker Ridge gas pipeline and the Big Foot oil pipeline, which we announced yesterday, extremely attractive, \$750 million worth of opportunities for the Company. And probably more importantly, if you go back to this slide, some really exciting extensions of that in terms of future development.

And we have the Good Housekeeping Seal in the Gulf. We've got the brands. We've got the performance. We've got the expertise with Monaco, and we've now got the commercial arrangements that should lead us to further success as we extend that template. And again, the better we are extending our current template, the more we make and the less risky it is.

Texas, EEP assets, and these are assets in the partnership but again owned 27% by Enbridge and managed by Enbridge and driven by Enbridge, again, very, very fortunate to be where we are. Anadarko, let me tell you a little bit about these regions.

Anadarko to the north is a Granite Wash play, very rich gas. Most of our major plants, processing plants, are in the Anadarko Basin, more expensive kind of wells but very economically attractive in today's environment of low-gas, high oil.

We have about 16% of the market share in this part of the world. And, by the way, all three of these systems when you combine it together represent about 3 Bcf of gas a day that we move.

Texas was producing about 21 Bcf a day. We've dropped down to about 18. Enbridge is the major player, moves about 15% to 20% of the gas in the State. We know the State. We understand the movements, and we're a major player in that region.



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Our north Texas, what we call the Fort Worth Basin, is where you see the Barnett Shale. And for those of you who don't know, one of the reasons we're able to drill so many wells and see so much proliferation is that you own the mineral rights in Texas if you own the land, unlike Canada where they take everything. You actually get to keep it.

And so when people -- when you show up to drill they hug you, because they know there's potential to be millionaires. In fact, I was telling somebody at dinner last night, there's a town in the Anadarko Region and it's called Canadian. It's off the Canadian River. It's got the highest number of new millionaires of any town in the United States, 14 new millionaires, and the best high school football team you'd ever want.

So when I go there, and I love going to the field, they'll say, where are you from? I say, I'm a Canadian, and it's just something that I think allows growth to occur a lot faster. You talk about all of the right-of-way issues and, again, don't get me wrong. Texas has its challenges, just like anybody else, but one thing I love about it is that if you want to get something done, you get it done.

And in this particular case, because of that, we don't have any difficulty laying pipe, believe me. We don't have any difficulty extending, so Fort Worth Basin -- if you're flying over Fort Worth and you look down from the plane, you will see wells in the backyards of peoples' homes. And if you think I'm exaggerating, go take a look. They actually have them. And we have our pipes, little gathering systems gathering that gas, processing it and moving it to market.

Our crown jewel, and we have about -- by the way, about 20% of the market share in north Texas. Our crown jewel is east Texas. It tickles -- more than tickles the Haynesville now. You can see that on the map. We move about a Bcf a day in here. We do a fair amount of processing. It's a very lucrative asset for us, probably more importantly has a lot of extensions that you're going to see in a minute in terms of opportunity.

About 20% of our business is exposed to commodities. But again, as Pat indicated, we reduce risk. We've hedged all of 2009 and 75% of 2010, and we have a five-year rolling average policy. And Mr. Bird quarterbacks along with Mr. Yu, and our risk management system is as comprehensive as they get, in fact, I think again another center of excellence that the Company has developed.

What are we trying to do? We're trying to build what we call the LaCrosse pipeline. This pipeline takes us from Carthage, which is in east Texas, down through Baton Rouge and over to the Sonat receipt point. We're trying to move about a Bcf a day or 1.5 B a day south of Perryville where a lot of pipes are to the north of LaCrosse and move it into that map that I showed you earlier that showed where the gas demand was going to grow.

Move product to where demand is, and for those of you who haven't been in the business a long time, the way you make money on a pipeline is moving it from Carthage on the left side to Sonat on the right side at a profit that represents the cost of moving it as an expense versus the price. So, basis is the different in price that you get between Carthage and Sonat.

The challenge we have today with all the gas out there is the amount of basis that has gone away. In fact, when I woke up last week, one of the mornings, I go in around 6:30 in Houston. I get upstairs and talk to our marketers and they said, Steve, we have no basis in Texas, Louisiana or the mid-continent this morning, meaning it doesn't -- didn't pay to move gas anywhere in the system at a profit because there was so much cash.

So, we're very bullish about this pipeline, but I'll be very honest with you. The challenges come with trying to sell it when the basis isn't as attractive as it used to be. That's going to be the challenge for organic gas pipelines, and I would suggest crude oil pipelines going forward. It's the price arbitrage that needs to exist to move your product.

We think this product -- this project's going to go. We've had a very strong response. They love it. It's trying to get it sold, and at a risk level that Bird will sign off on and Daniel will sign off on that meets the template of conservatism that the Company has built its roots on. And we won't move off of that. You know us too well, but we're competing against companies that may not have that same risk profile.



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The gas distribution system, it's been a great performer for us, the largest Canadian gas distribution franchise, one of and I think it's probably now the fastest growing, Janet, given the recession. I don't think Las Vegas is growing as quick as it used to. That was number one before. I think we've taken over.

Somebody was telling me houses are actually selling in Toronto. That's a good thing. And so, we are in the second year of a five-year incentive regulation and Janet, again, not to embarrass here, she's just done a great job at implementing that. We're able to hit around 50 basis points of increased return and we're forecasting the diem at 100 to 150 range.

It's been a great deal for the rate payers. It's been a great deal for Enbridge. We expect that our current discussions with the OED will lead to more fair and balanced returns for this system. It's always challenging, especially in a tough economic environment, to convince people your rates of return are too low relative to the risk you assume. But, I would tell you that that is the case with the utility here, and Janet and Jim Grant and Richard Bird and others are leading the cause there.

We have some great opportunities in unregulated storage. Jim Grant, who sits in our office here in Toronto, working to increase our footprint, working to increase some of our storage as quickly as possible. We currently have 5.5 Bcf of storage capacity contracted to third parties. We're trying to increase that by about 40%. We have about 45 million. We're looking to spend a couple of hundred million hopefully in this area to increase that opportunities that come with storage.

EEP, 27% owned by Enbridge, Inc., and let me tell you about the importance of having a strong general partner. EEP about six months ago traded at \$22.30, had come off of \$51. In fact, it was kind of a nightmare for me because as I was presenting in New York a year ago, almost today, talk about bad luck, I saw people looking at their BlackBerry, not that you're looking at them as I'm talking today, but back then like you could -- they were like going off. And if you recall, the market -- we were trading at \$44, \$43. We dropped to \$26 during the time I was talking.

Pat was looking at me. I didn't have my BlackBerry, which I don't use very often, but I didn't have my BlackBerry. Of course, he was looking at his BlackBerry. And he was looking at me as if to say, you know what kind of nightmare is occurring? And I -- luckily I didn't, although someone yelled out, you are now at \$26. I mean, it wasn't a great day for any of us, was it? And we had people starting to move and cover their positions.

We dropped as low as \$22.30. We had Alberta Clipper sitting over top of us, 22 million units of equity that [Alan MacLean] was calling me about and a credit rating, which had gone negative, and we had looked at trying to move the G&P assets out at one time to restructure the Company towards more fixed-fee income, not that we were unhappy with the assets but trying to make it more in line with the template of the Company. And we had done a whole bunch of things.

But at the end of the day, the general partner put in \$500 million of equity at a time when we needed it, back-stopped us for debt, and at the -- and in the spring basically took the overhang that Clipper represented, took two-thirds of it onto its balance sheet through a joint venture arrangement. And we are now at, Douglas, \$45 and change. So, we're back to our 9% yield having come off of about 14% of 15%, which was ridiculously high but reflected the risk people associated with the Company.

A short story to illustrate the importance of having somebody like Inc. there when you need them, we got our legs back. The Company is experiencing significantly better results because of the environment. We're back on our feet, and the cost of capital has come back down to a level where we have our periscope up again looking for organic opportunities, looking for acquisition opportunities if they make sense.

So a great story to tell, and when you look at that top left-hand corner, attractive yield, stable distribution, low-risk business model, strong general partner, I might put that strong general partner up in the top. It's critical. A lot of MLPs in the south don't have it. We're lucky enough to have it. Our annual distribution has never been cut. It's very sustainable. The amount of hedging that we've done at the partnership has been comprehensive.



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We feel good, and we think we're going to be able to grow that distribution in time. But, the main message I will give you this morning is that it's a solid distribution, \$3.96 a unit. And for those of you who bought that day like I did, you're happy and you've done well.

So in conclusion, we see long-term gas demand increasing with power generation. We believe that company is very well positioned for the shale gas infrastructure, existing assets and we've talked about them, new projects, LaCrosse, Rockies, Alliance, and we believe that Enbridge is very well positioned for growing offshore infrastructure needs while improving its risk profile and the Enbridge gas distribution is making strong progress under incentive regulation.

So, that was the presentation. I'm happy to take any questions that you might have.

QUESTIONS AND ANSWERS

Carl Kirst - *BMO Capital Markets - Analyst*

Hey, Steve, focusing in on the Haynesville for a second, you've got obviously a great position in east Texas. We're seeing a lot of the flush wells coming out of Cato Parish and the like in Louisiana. Any ability to perhaps move into the gathering, whether it's Inc. or EEP into Louisiana?

Steve Letwin - *Enbridge - EVP - Gas Transportation & International*

Yes. And in fact, thank you for raising that, Carl. We, in fact, have four projects that we're currently looking at. Let me go back here. This doesn't show -- oh, I guess maybe -- oh, no. I can't tell if it's on there or not. I'm going to go over to this side, because I can't replicate myself.

So, we've got gas gathering and processing right on this northeast side. We had some extensions down this way as well in Shelby County. We're probably looking at four opportunities here, not big dollars, Carl, a couple of hundred million dollars, but what we're trying to do is see whether or not we can use that so it can help make the tariffs here more attractive.

And because the basis has disappeared between Carthage and Sonat for at least -- it'll come back, but for the time being that basis is gone we were hoping to use the gas gathering and processing to potentially improve the returns.

LaCrosse is an Inc. project, again, because the EEPs itself has had problems financing projects. Again, the strong general partners come in and said -- Pat said this, came down, effectively said, look at, financing for the partnership will never be an issue. If you have a good project, which is economically attractive we will do it.

LaCrosse is a good example of that, a great opportunity for the Company, the family company, and we're looking our hardest trying to win it. We've got very tough competition, but we're trying to use the gas gathering furrow here and along here to help with that tariff.

Carl Kirst - *BMO Capital Markets - Analyst*

Okay, that. And then follow-up and actually segues into your comment about perhaps looking for additional opportunities at the EEP level, the second major area in addition to Haynesville obviously is going to be Marcellus over the next five years. We've seen distressed players, distressed asset sales, any opportunity to get into that area on a JV basis perhaps, or perhaps even organically from a midstream standpoint?



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Steve Letwin - Enbridge - EVP - Gas Transportation & International

Yes, there is. There are a number of them right now and, as you know, the number -- Chesapeake and Statoil have a \$5 billion joint venture there, as you know, to drill. It's got the highest increase in drilling activity of any place, even compared to the Haynesville.

Marcellus is growing at a rapid rate, and we are -- we do have people on the ground in the Marcellus. We are looking. It's a little tougher challenge for us because we don't have current infrastructure, but that may be an opportunity for us as our cost of capital has fallen or for Inc. with its strong balance sheet that Richard Bird is going to talk about to move into that region.

So, we're looking very hard at it. I think it's going to grow significantly but again, change the face of the long haul pipelines as we know them in that region.

Carl Kirst - BMO Capital Markets - Analyst

Thank you.

Steve Letwin - Enbridge - EVP - Gas Transportation & International

Yes, Matthew?

Matthew Akman - Macquarie Capital Markets - Analyst

Thanks, Matthew Akman, Macquarie, so Enbridge has obviously done a good job converting its Aux Sable into more of a stable earnings driver. There's still a lot of commodity exposure in Texas, and I'm wondering two things. One, is there opportunity ever do you think to turn that field business in Texas into more of a kind of pipeline-type tolling arrangement?

Or, is there always going to be this frac spread exposure? And two, what is Enbridge's view on the Gas Midstream business, both in Canada and the US? Is this a growth business or just something that is used from time to time to get into really the core business, which is long haul pipeline?

Steve Letwin - Enbridge - EVP - Gas Transportation & International

I think I -- the Midstream business was something that when we looked back at our history, our culture. To say that we purposely went into it, given our risk nature, would be -- it wasn't something specifically on our agenda. What happened was we saw an opportunity that fixed-fee income was tied to some commodity exposure.

We had made the Midcoast acquisition, had rolled it in the partnership, and back when we were looking at these acquisitions they were extremely attractive. So, we bought the commodity exposure along with the fixed fee. It's turned out to be a great investment for us, because the commodities have performed in such a way that the returns have been very attractive.

Would we purposely go out and increase commodity exposure? No, although I think it's going to be a very attractive business going forward. If we had the choice between fixed fee and commodity, we'll take fixed fee every time. If we have to take a bit of commodity in order to get the fixed fee, we may do that.

But our nature, again, is to turn everything into fixed fee. So hedging, you asked the question about why would you buy something that has commodity exposure that you immediately have to hedge? Well, we won't do that. If it has to come with some of the assets, which in Texas typically it might, then we will do that.

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But, our major objective in the partnership is to follow the model of the mother ship and have as much fixed-fee, predictable income as possible. Where we do have the exposure, we move it.

Matthew Akman - *Macquarie Capital Markets - Analyst*

Let me just follow up with a specific question. So, Enbridge in Canada has been in the Midstream business through primarily AltaGas in the past and got out of it. That business in Canada in the field doesn't have a lot of direct commodity exposure. Is that a business that you guys would look to get back into in a more significant way to enhance the Canadian growth profile of the Company?

Steve Letwin - *Enbridge - EVP - Gas Transportation & International*

I think that could be a tough sell simply because the high cost of gas in the western Canadian Basin relative to the shale might make it not as attractive as we would like. I mean we always look at good opportunities, but I think economically trying to expand our business in Canada in the process -- in the midstream side might be a bit challenging.

And that's nothing against AltaGas. We did really well with that investment. They're a great company. But strategically it wasn't core for us, and that's why we got out of it.

Matthew Akman - *Macquarie Capital Markets - Analyst*

Thank you.

Pat Daniel - *Enbridge - President, CEO*

Matthew, if I could maybe just add to Steve's point and to emphasize -- your question is why haven't we turned the Midstream business more into a pipeline, low-risk venture? And, in fact, we have. It is about 80% fee-based and 20% commodity risk, and of that 20% commodity risk we've largely hedged that away. So, we've got a 7% cash flow at risk metric for the MLP, and hence have effectively turned it into a pipeline.

You can also look at that as potentially hidden value in that someone at some point in time might see more value there in those assets if they were to be prepared to take the risk and remove the hedges. We don't operate it that way. We've effectively turned it into a fee-for-service pipeline.

Unidentified Audience Member

Steve, just two questions, firstly, have you thought about shale gas as being really the marginal producer at this stage in time in North America, at what point in time do you see the pivot point happening, having the future where conventional actually becomes the marginal cost of production?

And then the second question is really related to Alaska. And if you think about the motivations of Alaska and the producers there, do you see a point in time -- and really if you look out nine to ten years where the gas caps get so large and the cost of actually re-injecting gas every day in the fields in Alaska becomes so great that that really drives the Alaska natural gas pipeline?

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Steve Letwin - *Enbridge - EVP - Gas Transportation & International*

And that's -- and those are good questions. I guess on the -- to answer your first question, I think three to five years might be the timeframe to see the conventional move to where the non-conventional is. That might be a little quick, but it's potentially going to happen because, again, the activity level's so high.

And keep in mind that even though rig counts are dropping, one of these horizontal wells in the Haynesville are equivalent to five vertical wells in terms of productivity. And so, it's a little misleading sometimes to say, "Well, the rig count's way down. Gas supply's disappearing." That may not be the case and, again, with the production levels staying where they are, I think the result of some of those high-productivity wells.

In terms of your Alaska question, I really think it's difficult to imagine Alaska, at least in my lifetime, just because there is so much availability of gas, not only the non-conventional gas but the LNG that's now showing up. And you can get that landed at a fairly attractive cost, as you know.

And with about 14 Bcf a day of regas capacity in the Gulf and the east coast United States, it makes it tough to imagine that Alaska gas is going to show up in the near term. I'm sure over time, politics being what they are, it -- you may see it happen. But, I can't see it from a pricing standpoint right now.

Way -- way over here. Way over here, Kaye?

Unidentified Audience Member

I just have a question here.

Steve Letwin - *Enbridge - EVP - Gas Transportation & International*

Oh, I'm sorry.

Unidentified Audience Member

With a lot of large pipe already laid down and start -- and having started operations or entering service in the next 12 to 18 months, what do you think the opportunities are for like the end of the pipeline -- gas pipeline since there'll still be -- there'll still be bolt in the US market. So, that's my first question.

My second question is, on the current projects the liquid pipeline is [WRGGS] --.

Steve Letwin - *Enbridge - EVP - Gas Transportation & International*

Yes?

Unidentified Audience Member

Are those two pipelines fully contracted to producers?

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Steve Letwin - Enbridge - EVP - Gas Transportation & International

The answer to your second question is that our rates of return on that pipeline are tied to basically having a minimal rate of return in the 10% to 12% range with no volume risk. So, whether they're contracted or not becomes a bit of a moot point for us, but I would tell you that they are contracted.

Your first question had to do with large-diameter pipes, and based on the fact that we are seen trying to -- this shale development. I'm trying to go back to the gas. Here it is. It makes it really tough, and it's -- this is what -- I love what I do.

It makes it really tough to imagine how you develop a long haul pipeline today when you can have a shale impair you fairly quickly. It shows up.

You take for example REX Pipeline, which was built -- I don't know four years ago, coming on stream this last year or so, I don't think they understood the dynamics of the Marcellus when they built it. REX is a -- it's a successful project, but my point being that with Tcfs of gas now showing up in Pennsylvania and New York State, the amount of gas that you're going to move across the country to New York starts to become questionable.

My point being, long haul pipes across the country are a lot more riskier than they used to be because the shales, regional shale developments, can put them at risk fairly quickly.

My view would be we're not going to see long haul pipes of the magnitude we've seen in the past develop. I think the LaCrosse template is a good one, 300 miles, a B, 1.5 Bs, those are the kind of pipes that we're going to see more and more of.

Unidentified Audience Member

Another (inaudible) thank you. Could you give us the big-picture view on liquefaction facilities and the potential for exporting gas, the whole LNG picture, both sides, the liquefaction and the gasification --.

Steve Letwin - Enbridge - EVP - Gas Transportation & International

Right.

Unidentified Audience Member

And how that plays into your strategy?

Steve Letwin - Enbridge - EVP - Gas Transportation & International

Well, there's interest when there's a lot of talk. As you probably know about, a facility out of Kitimat, with a right-of-way that would nicely fit our Gateway Project. And, of course, the producers in the Horn River and Montney are looking at this proliferation of shale plays down in the south and they're saying, how can we compete with that and get our gas to market?

One of the natural extensions would be to move gas out of the Horn River and Montneys here in northeast BC over to the west coast, liquify it and move it offshore. Another opportunity may be down here to take the regas facilities that are currently in place, basically change them to liquefaction facilities and export. That's a possibility. The challenge is with [Gutter], with the Gorgon Project out of Australia. These are \$40 billion, \$50 billion type projects, top four North American gas players to compete.

It's not saying they can't. I think it could be on paper pretty challenging, but it is being looked at. We're looking at it, and if it's -- if we're able to make the math work we'll be there, pretty challenging right now though.

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I think the better play is keep your gas drilling and production attractive, meet the growing demand of power generation, and keep the gas on the continent, compete, keep LNG off the continent. If I was a player, that's what I'd be doing.

Robert Kwan - *RBC Capital Markets - Analyst*

Steve, you talked earlier about LaCrosse and the competition you're facing but that you want to preserve Enbridge-like returns and risk profile and others potentially taking more risk, which I assume you mean empty pipes.

So given on gas pipelines, even if you assumed returns are about similar that the equity components tend to be a little bit lower, so you're not going to get the benefit of double leverage. Can you just talk about how you expect to be successful competing against some of these other competitors to maybe taking a higher risk profile?

Steve Letwin - *Enbridge - EVP - Gas Transportation & International*

Our success will be tied to the fact that we're willing to go further to the east than our current competitors are willing to go, Robert, and the fact that we probably, to Carl's point, will have the ability to do some laterals in here to make the tariff more competitive.

Our standard 50/50 debt-to-equity, our term contracts, the amount of risk we're willing to take isn't going to change. We won't allow that to change. It does make it challenging for people who are willing to go, build it and they will come, we will not do that.

But, if we combine the kind of G&P that we're talking about with the attractiveness of having the wherewithal, the balance sheet to carry the gas further east to get a higher basis, so I think that's where our advantage would be.

We're not going to Perryville, which every pipe in Texas seems to want to go, which is located here standing up. Our pipe connects into Perryville, so you can get to Perryville easy enough. But more importantly, it heads towards that power generation is going to be. No other pipeline proposal is doing that.

Robert Kwan - *RBC Capital Markets - Analyst*

So with the decline in -- perspective decline in basis and the potential dearth of long-term projects going forward, how do you see that from a contract perspective? What are you doing creatively to enhance returns and to engage in longer-term contracts with this new sort of environment?

Steve Letwin - *Enbridge - EVP - Gas Transportation & International*

Well that is the Gordian knot, the new Gordian knot for me and I guess what we're again trying to do. So, we look at a tariff that's probably 20% higher than what anybody wants to pay based on cost estimates on LaCrosse. I use that as an example.

Contract terms, minimum ten years to make it attractive enough for us and shippers that aren't seeing any basis differential, and it comes back to knowledge of the environment and being able to talk like I'm talking to you about where I think this market is going to go.

Everybody knows they don't want to stay in Perryville. Everybody that you talk to in the gas business knows the basis is going to come back, and it's trying to create a structure that allows them maybe to ease into that and allow that. Maybe you segment the pipeline. You get FERC approval for the entire pipe, so you build to Baton Rouge. You make it easier for them to sell so that they know what's going to happen. And that's one of the strategies that we're using, along with the others that I talked about.

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And when we talk about Alliance and Vector, same kind of idea, a lot of singles that we're seeing out there like on Alliance for example; the Bakken gas, just tremendous opportunities for Alliance, laterals, extensions. The same with the Montney up here, again eating off of our pricing. And on LaCrosse, it's the exact opposite, building some small laterals in anticipation of LaCrosse to enhance their returns.

I'm out of time. Vern's cut me off, so thank you for your attention. Oh, it's break time?

Vern Yu - Enbridge - VP - Investor Relations

You have a 15-minute break. Don't be any later.

(Break)

PRESENTATION

Al Monaco - Enbridge - EVP, Major Projects

Okay. I think we're ready to begin. Okay. The purpose of my presentation today is really to update you on the execution of the capital program that underpins the growth profile that upwards sloping arrow that Pat referred to early on.

Now this is pretty timely from our perspective in that over the last several months, we've put a number of projects into service. And actually, at this moment, we're at the apex of our activity on our capital programs. And that's best exemplified by the fact we've got about 6,000 contract staff working in the field right now.

And to put that in perspective, that's about the same number of employees that we have in Enbridge overall. This picture you see up front here is from the Alberta Clipper project and it illustrates the magnitude of activity going on right now. In the background, you see some side booms lifting the pipe up with those slings and it's getting ready to be lowered into the trench.

The crew at the front there is actually doing the last, final inspections of the external coatings to take out any nicks that have happened along the way. So just before it goes into the trench there.

Before the project updates, I'm just going to provide a little bit of context into how we manage our capital programs. First of all, and foremost, in order to win new infrastructure projects and build those projects for the largest integrated companies in the world, you'd better have a solid project execution capability.

That's been born out, as we've seen, by our selection, by our customers, to construct both the Woodland Projects and the Rocky Ridge Projects, and yesterday we announced Big Foot as well, where a key factor in their decision was our ability to execute a critical part of their overall projects. So our reason for being actually is pretty straightforward. Deliver projects on time and on budget. We manage all projects that exceed \$50 million, whether it's liquid gas or renewables. And we've been managing around \$12 billion in capital.

The graphic at the bottom shows that we run through the main elements of the project execution function. The one thing, really, to note here, is that we are involved very early on in the process. So in Guy Jarvis's case, for example, we're involved with those business developers up front because we want our project team that's executing to be accountable for the parameters that we assume when we're making investment decisions.

There's a few key variables that are critical in meeting the cost and scheduled targets. The first is well-developed cost estimation processes. That's really important in nailing the scope, the front engineering and identifying, importantly, the risks. Regulatory



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and permitting has emerged as a key project issue. We need to manage this area very closely these days, given the increased regulatory scrutiny and frankly, the opposition to projects that you see in our sector.

Once the construction is underway, day-to-day project management is absolutely critical, our projects structure, which we referred to as project-centric, make sure that we have enough people to do the work, the right skill set, but more importantly that there's a timely line of sight between what's happening in the field back to the office.

We've implemented a project gating framework and basically what that means is you have a set of requirements that you need to fulfill and you need to get senior management to sign off before you move to the next phase. Our systems and processes are designed to track commitments, expenditures and how we're physically doing in the field, so that we can react quickly to what's happening out there.

And finally, the compensation systems that we have aligned here is very much the same as a construction company. About a third of our team's short-term incentive program is focused on meeting cost objectives. The second third is to schedule. And finally, the last third is to safety, quality and environmental compliance. So we're lined up with -- quite well with what we need to do from a deliverables perspective.

This slide here just captures some of the ongoing and more recent cost management initiatives. The graph here illustrates that we've been able to achieve, that's the pat at the top here, been able to achieve a pretty nice reduction in pipe costs for our customers. And that stems from a long term pipe sourcing deal that we've had in for a couple of years.

But earlier this year, we were able to renegotiate our construction contract in Canada. That gave us a bit lower costs and equally important though, we were able to lock those in on a fixed unit price basis.

Now fixed unit prices obviously helps us to better manage the cost risks that we have compared to the time and materials or the cost plus contract we were stuck with in our industry for so long.

Now despite the economic downturn, labor rates have actually remained pretty sticky. But I will say the rebalancing of the supply and demand for the critical trades has resulted in much better productivity. And the charts at the bottom are worth looking at here. On Hardisty, for example, which is really labor intensive, we initially had a stretch target for productivity and we actually ended up doing about 10% better, simply because we've had a lot stronger work force in the field.

Well, repairs is something we will watch very closely. You can see on the Alberta Clipper here, our rejection rate last year was 9%. This year, it's 3%, which is a function of, once again, the quality of that labor pool.

This slide here summarizes the results of seven projects that we put into service recently. I'm not going to go through each one of these. The main point though is that we are meeting our costs and scheduled targets.

In terms of the cost column, you can see here, there's some pluses and minuses, but overall, we're right on track. In fact, we're a little bit under at 4% versus the control budget. I think this is a good accomplishment, given that we really constructed all of these projects that you see here through the very height of cost escalation in our industry.

On the schedule side, if you look through that column, you'll see that we have met our in-service date targets and in a couple of cases we actually came in a bit early. Once again, good outcome here simply because there was a number of regulatory delays that put us a bit behind the eight-ball to start with.

So now let's review the current activity, beginning with the largest projects that we'd ever had in the Company. Alberta Clipper, and that project is going to provide initially 450,000 barrels per day of capacity to the PAD 2 market. That's 1,000-mile project, 36-inch pipe and it runs from Hardisty, there in Alberta, all the way through to Superior. Two-thirds, then, of the project is in Canada and the remaining third in the US.



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The red line sort of tracks the route of the project. The point there is that most of this is taking place in existing right-of-way. We still have to buy land, of course. But that is certainly an efficiency compared to greenfield development. The total cost of this is 3.6 billion and our targeted in-service date is mid-2010.

Now this slide here shows the progress, which I think has been very good, on the Canadian piece of the project, particularly given the up-front regulatory delay we had in what I'll call absolutely brutal weather in Manitoba this past summer. By the way, what you see in the photographs here are automated welding shacks. These essentially hop along the right-of-way and each one of those shacks represents one pass of a weld on a joint of pipe.

Now the progress chart below, you can see that we're just about nearing completion in Canada. We are fairly a ways down the road as well with hydro testing and final clean up. Mechanical completions then for the Canadian piece of Clipper is scheduled for the end of this year and that causes us to begin line field planning with industry and how to get the line fill in the pipe. So all in all, pretty pleased with the Canadian part of the work here on both costs and schedule.

Now as you know, we were delayed in starting the US work to what we'll call a protracted environmental review after months of delay, as Pat referred to, we did receive the Presidential Border Crossing Permit on August 20th and then shortly after that, the Corps of Engineers permit.

This was a very long and difficult process, to say the least. That said though, we're very pleased that our construction plans and all the mitigation we put in place environmentally, have withstood what is, in our view, the most rigorous process that we've ever seen, certainly in one of our projects, and I will guess any project across North America.

Obviously, because we were waiting, we were very well prepared. We jumped up in the right-of-way as soon as we did get the permit, so we're working away quickly right now. The work that you see in the maps there up top is broken down into four main segments. So we call them spreads. And there's a number of wetlands and crossings that we have to work around here, particularly on spread stream four in Minnesota.

Importantly though, we were able to complete eight time sensitive stream crossings before the environmental permits window closed. That was on September 15th. So we got those out of the way, that could have posed a problem for us if we hadn't. So in spite of the permit delay, we are pleased with the progress. And we are in fact maintaining our mid-2010 target date to have the entire Canadian and US portion of the project done.

This slide shows a little bit about the Southern Lights project that Guy referred to earlier. Here we're building 675 miles of new build. That's the yellow portion of the slide there. The solid yellow has been done and the dotted yellow is now in progress. In fact, we're building that with Alberta Clipper.

After that, as you head northward into western Canada, we are going to reverse line 13. That's an existing crude oil service line, which currently flows east. We're reversing that line and that will take the billion in products all the way back to the west. In order to replace that capacity, we built a replacement capacity line and that's the blue piece you see there on the map. The budgeted cost of all of this is \$2.2 billion. And our estimate is that we have it in place in the second half of next year.

Just in terms of the progress here, where we're at in each stage, the new build work, we're done, about two-thirds there. That was the solid yellow line. And we're working pretty well on the dotted yellow that you saw in the previous chart. We have started the work on the line 13 reserve -- reversal, but that won't be completed entirely until 2010. So overall, I think we're tracking pretty well to cost and schedule on this one. We're actually a little bit under at this point. So we're pleased so far.

This chart here shows the Hardisty tankage project and it includes, as Guy referred to, 19 tanks. There's a range of size here from 250,000 to 530,000 barrel tanks and it totals up 7.5 million barrels. This aerial here is pretty recent actually and you can see this -- these tanks here are now filled up with crude and all of them will be filled up pretty shortly. This last six at the back here, we



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just put into service last -- well, actually, a few weeks ago and all that's really left here on this one is to install the heating system. So that allows us basically to have this all buttoned up by the end of the year.

So the control budget we have for this project is 635 million. And right now it looks like we'll be able to come under that amount as we close out the project. Guy noted that we were selected by Imperial to build the bitumen blending system from Kearn to Edmonton. The pipeline here is going to be phased with expansion of the mine. So we're currently working on the first phase, that's the red dotted -- or sorry, the solid red line that you see there, its 140 kilometers and it's 36-inch pipe.

Now just a bit about the construction plan on this one, it's really being designed to address some of the challenges that we have in this part of the world. This relates mainly to a couple of very significant river crossings. There's an environmental window that we have to watch, the Moose Window, we call it and the need for winter construction. Because this is a must get condition. So you're really limited in the time you can be up there to four months, which is essentially from December all the way through to March. So we have to manage our schedule carefully.

To address those challenges, what we're going to do is start our right-of-way work that is mostly clearing and the river crossings ahead of main line construction. Where we are right now is we are in the midst of preparing our regulatory application and our class three cost estimate, which we will have done by the end of the year.

On to Gateway, which was also referred to earlier, I'll provide a little bit more on that here as to where we are. This project obviously provides an outlet for crews to access offshore markets. At this point, there's broad support for this concept in that opening up new markets is going to maximize the value of Canadian crude, which is in everybody's interests.

Now that support is being led by a group of producers here and a group of Asian refiners that have committed \$100 million to see us through the regulatory process. That's what we estimate it will take to achieve regulatory approval here.

The other support comes from the Province of Alberta as well as the federal government, who have also indicated and their support for market diversification. In fact, the Province of Alberta does include offshore access as part of their long-term energy strategy.

Now there's also obviously going to be a demand pull for the project, given the expected growth rate in Asian economies, but also they're looking to diversify their sources of crude as well.

So here's where we are at this point on the project. As part of the regulatory application, work is underway on the engineering side, on the routing side and on the environmental assessment. As for the regulatory process on this project, it's going to be subject to quite a fulsome review by both the National Energy Board and the Canadian Environmental Assessment Agency. So it will be detailed.

Now the terms of reference that are going to guide the regulatory process are going to be issued by the NEB and CEAA just shortly here. And by the way, Gateway, which isn't the case in some of the other projects that you've seen, such as Mackenzie, has also been assigned to the Federal Major Project Management Office and they will coordinate other agencies' input.

So right now, we're preparing to file the regulatory application, which we are targeting for before year-end. And based on that timetable, the NEB hearing would commence sometime in early 2011. So that means on that timing, construction could start in 2012, which would mean, with a free construction -- three-year construction season, you're looking probably not until 2015 or 16 before Gateway could be in service.

Now I'm going to spend a few minutes here, given the fact that we've amassed about \$0.75 billion here, recently, including yesterday's announcement on offshore projects, I thought I'd spend a little bit of time here going through that and explaining how this is actually done and how -- what role we play. So this is going to cover the Walker Ridge and the Big Foot investments in the Gulf. And, like I said, give you a bit of a feel for how it's done.



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So now the chart here captures the projects that Enbridge has been involved with in previous to ourselves, Shell. That was the predecessor. And that's the list of projects that have occurred over the last 15 years.

Now the first thing you'll see is that we've seen an increase in the water depths. So the late -- up to the late 1990s, a deep project was around 3,000 feet in terms of the water depth and now it's all the way up to 7,000 feet for the Jack and St. Malo projects I'll be talking about in a minute. So improving technology has enabled all of this and Steve talked about going to ultra deep. It's all about hitting high productivity, larger sort of well targets.

By the way, this chart refers to water depth. So call it 7,000 feet of water, the drilling itself can extend upwards from 15,000 to 25,000 feet. In fact, I think the record was somewhere in the 29,000 to 30,000 feet as far as the well depth itself.

Now the basics, I would say, of laying pipe offshore, not really that dissimilar to what you see in shallower water, or for that matter, onshore. Laying pipe is laying pipe, I guess. But there's obviously a big step change when it comes to the equipment that we need and the skill sets that we need when we operate in the deep offshore.

Now there's a number of technical challenges here that I'll come back to in just a minute, that focus on that. So just to give you a little bit more about the projects here, Walker Ridge is going to move gas from the Chevron Jack and St. Malo discoveries. Now remember, these are oil targets, big oil [kay] projects, but we do need gas infrastructure here to move the associated gas.

The wells are located about 200 miles offshore Louisiana. We're going to lay, let me see if I can just show you here, we're going to lay about 150 miles of pipe from the Jack-St. Malo area here all the way to what's referred to as Ship Shoal 332. That's the designated off take point. And we're also going to build, just to the right of that, a lateral, which is also about 40 miles, to connect into that main Walker Ridge System. The total capacity here should be about 100 million cubic feet per day and the cost is estimated around \$500 million.

Now, on the oil projects, which we just announced yesterday, that's the blue lateral that's going to actually connect into existing infrastructure. That'll be about 40 miles and it will be 20-inch lines rather than the smaller 8-inch or 12-inch that we're dealing with on the gas side. So just to give you a feel for how this works, the water depth at Jack is 7,000 feet. And by the time you get to the initiation point there at Ship Shoal 332, you're at 450 feet. So you can see there's quite an elevation change between that shallower depth and the deep offshore.

We have the Big Foot project at about 5,900 feet, which is a little bit shallower, obviously, than the other project at Jack. But still obviously pretty deep and pretty complicated. Capacity on that oil lateral is going to be 100,000 barrels per day at a cost of about \$250 million.

Now laying the pipe for both of these projects is going to occur mid-2012 and it will be completed, we forecast, by the end of the year. Now those lines will actually not be attached to the production platform at that time. And that's because we essentially need to get it in early so that we can be out of Chevron's way while they install and commission their production platform.

Let me just share with you a few of the challenges here. This slide outlines some of the key issues that we deal, in offshore pipe lining. Managing schedule on pipeline projects is always important, but particularly so in offshore. And that's because the magnitude of the upstream investment here makes it critical that when the project's ready to flow, in this case Chevron's ready to move oil, we need to be ready to go. We cannot hold up the process. There's just too much cash flow sitting there, ready to move for us to be late.

We also, at the same time, need to carefully manage our costs. And, frankly, the only way to make sure that we achieve our schedule and cost targets here is through pinpoint execution planning. And that execution plan really comes down to one simple thing. And that is minimize the amount of time that we're actually out there in the water. And pre-planning and making sure you execute very carefully is just critical to making that happen.



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Now the top picture here, I'm not sure if you can see it, it's probably better in your books, but shows the topography of the sea bed for Walker Ridge projects. For the Walker Ridge, Jack, St. Malo project. Now you don't often think of the sea bed being rough and hilly, but you can sure tell that it is quite hilly and rough in some areas here.

Now the challenge is, unlike onshore projects, we don't actually bend the pipe in offshore to fit the contour of the land and there's a number of reasons for that. So the key challenge here is to deal with what we call unsupported spans of pipe. So if we think of different elevations and how a straight piece of pipe would fit between two high points, you can imagine there would be some space of unsupported pipe in there.

So in order to deal with that, we have to look at how the maximum stress of that pipe span can withhold and we need to make sure that we put some footing underneath it through clamps and supports or mattresses or other means to make sure that there's not a lot of stress on the pipe in those unsupported spans.

Now another risk that we face is loop currents, which is the bottom picture there. And a loop current is basically a warm water stream that travels in a loop through the Gulf of Mexico. And you can see it enters just between the Yucatan Peninsula there and Cuba and it forms a big loop and it exits out the Florida Strait.

At the same time, those loops can throw off those little red circles you see there, which we call eddies. And those loop currents and eddies can really play havoc with construction, as you can imagine. And actually, they do suspect work from time to time if they get significant. So you may have to wait on site or closer to shore until those dissipate.

The good news is we can track them, so we can manage around them, and it's not always that they need to move off site here. It depends really on the velocity and how fast these things are moving across the western part of the Gulf.

Now managing these kinds of issues really comes down to having the technical skills, selecting the best contractors in the world to help do the work and our project management capabilities.

We've got a pretty strong team with a long history in this part of the world here, and frankly it's one of the reasons why Chevron chose us to build such an important part of their overall project. So they really are placing a lot of trust in us.

And finally, I think we have a pretty good commercial underpinning. Steve referred to this, in that we retain very limited capital cost risk. But from a project team's perspective, we put that aside. We have to come up with our cost estimate and our goal is to hit the cost estimate rather than relying on the commercial underpinning of the projects.

Just to conclude here, I might just go through how we actually lay the pipes. And the picture on the left here is a representation of a lay vessel. And this one here is about 1,000 feet long and it carries -- is able to carry about 25,000 tons of pipe. Now that sounds like a lot, but there's continuous replenishment of the pipe that needs to occur here. And the cranes you see at the back there in red, essentially lift the pipes from the supply barge and then put that in the hold of the ship.

Now this vessel here can actually operate in ten-foot seas. And it can do that because it has a dynamic positioning system, which allows it to compensate for the winds, the current and actually how much weight is in the vessel from all of the pipe. The actual limiting factor here is not what this vessel can do itself. It's really managing how close this vessel comes to the supply barge that brings the pipe.

Now just imagine the inside hull of this ship contains what is more or less a huge assembly line where the joints of pipe are welded out before they're actually laid on the sea floor. The graphics on the right here illustrate the shape of the pipe as it's actually laid on the sea bed.

Now there's three or four different ways to lay pipe in offshore applications, but really it comes down to a couple of things. The outside diameter of the pipes, or how wide the pipe is itself, and the depth of the water.



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What you see here then is a, what we refer to as an S-lay installation, which is what we'll likely be using on this project. And believe it or not, this process of laying pipe here actually happens quicker than what it does onshore. Not to mention the fact that there's a lot less regulatory hurdles. We don't have to acquire the right-of-way, given where we are working here. So in many ways, offshore pipeline lay is efficient.

So what happens here is essentially as the ship is moving forward, the pipe is eased off the back of the ship and lowered into the water. And the pipe, as you can see, curves downward until it reaches what we call, right at the bottom there, where it's touching the seabed, the touchdown point. And so really that's where we get the S-lay, is that the pipe looks like an S through this whole process.

Now I'm not sure if you can see it, but the back of the lay barge there, there is a bridge-like structure. And that's called a stinger. And that stinger supports the pipe as its being lowered into the water and more important, though, it controls the curvature of that pipe as it's moving down into the seabed.

Now this looks pretty simple on a graphic, but there's a number of factors that you need to consider here in the design. And I think the chief consideration really is the physical stress on the pipe through the installation process.

One of the most significant points of stress is actually just before you hit the touchdown point there at the bottom. And that's simply because at that point you're dealing with three different kinds of pressure. You've got this, what we refer to as axial pressure, or tension from it hanging. You've got some bending pressure there. And then you've got the outside pressure on the pipe because you're dealing in 7,000 feet of water. So those are all things we need to consider in the design and composition of the pipe, but also the execution plan.

So coming to the end of this now, this picture here on the left shows a closer view of that stinger I referred to, that bridge-like structure. You can see here the pipe is being lowered into the water off the stinger. Now a point of interest here is that the vessel here actually requires a huge amount of holding capacity or tension capacity for that pipe, especially in a deep water installation like Walker Ridge. That's a lot of weight to hold. So you need a significant tonnage of tension capacity.

There's obviously a lot more steps in the process between that and the final product, but the picture on the right just shows you how this all looks when the pipe is attached to the production platform.

Now in the offshore application that we're contemplating here, the gas and the oil platform -- the gas and oil are going to be attached to that platform with what we call a Steel Catenary Riser. And essentially all that means is that that's the part of the pipeline that is attached to the platform. And that catenary riser, though, is an SCR in this case, we refer to it, is probably the most important part of it all and that's simply because it's exposed the most significant elements, most of all being currents.

That is so complex, actually, and we need to maintain it very closely. That part of the pipe is actually going to be owned and maintained by Chevron. So we'll actually own the piece that starts when it hits the sea floor.

So that's a brief overview of how offshore pipe lining works. I'm just going to close it off here by outlining just a few key takeaways. I think the objective of going through the projects in this last section on the offshore was to give you a bit of transparency into our capital programs. Through this, hopefully, we've been able to demonstrate that Enbridge is highly focused on project execution. In fact, we really treat this the same way as we do the other critical parts of the business.

So whether it's how we allocate capital, the operations, developing new projects or maintaining a strong balance sheet, this is really in the same category. As I said earlier, I think we have developed a pretty good competency in project execution, which should put us in pretty good shape to win more projects down the line, as we have demonstrated with Woodland and Walker Ridge and Big Foot.



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Finally, I think we've made pretty good progress on the overall capital program. The projects we put into service, as you saw, came in pretty much on target and the big projects that we've got left, these are the Alberta Clipper and the Southern Lights mainly, certainly have tracked very well the costs and schedule as well.

So the bottom line of all of this is that I think we're on track to do our part anyway to deliver on the earnings and growth profile that Pat referred to earlier and that we have promised the investment community.

So that's a quick run through of where we are on the projects and the offshore. I'd be glad to take any questions.

QUESTIONS AND ANSWERS

Andrew Kuske - *Credit Suisse - Analyst*

Andrew Kuske from Credit Suisse. Al, just a question about the future of the major projects group. When you look beyond 2011, and the Company's essentially guiding that the bias of growth is going to start to tilt towards green energy projects, and really that renewable power or whatever the case may be on the environmental side, you really don't have a lot of experience within that group, it's really been pipeline focused. So what's the future of the Major Projects group within that context of the construction bias changing?

Al Monaco - *Enbridge - EVP, Major Projects*

Right. Well, first of all, I think -- I wouldn't necessarily conclude that we don't have experience in green energy. I think we've been part of a substantial number of projects so far, particularly on the wind side.

But I think the key point is we may not have technical expertise necessarily in every project we look at, but I think one of the key elements along with technical expertise is project management execution capability. And that means the systems and processes and how we approach things.

So I think that that's just as important an element as technical expertise, which often, in many cases, we end up going outside for as well. So I think we can handle the green side of the projects.

The other thing I'd say is that I think you're referring to a bit of a slowdown in the project work. I think that's true, compared to the mass of billions that we've seen over the last little while. But our job in the Company is really to structure our business unit to address that very exact issue.

If you are a construction company, or the construction arm of Enbridge in this case, part of the challenge is to be able to retain the critical skills during ups and downs, downs in this case, as we'll see, and to make sure that you're scalable and able to react to projects as they come about. So the two new projects, or three, being Woodland, Walker Ridge and Big Foot, those are quite substantial and we'll be focusing a lot of energy on that.

But I think my point was going to be that we can scale up and down very easily. And two ways to do that is through the project team concept, so once a team has finished work, then it will naturally disappear and we'll bring on new project teams as required. We also use quite a few contract positions. But the key people, the management level and the key technical levels and project management experience, we will retain through the piece.

So a bit of a longer explanation to your initial question, but I thought it was important because dealing with the ups and downs is a critical part of what we do.

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Andrew Kuske - *Credit Suisse - Analyst*

And then if I may, just a second question as it relates to your relationships with the EPC community, how has that changed in the last 12 to 18 months from an assessing that counterparty risk? Is some of the EPC community, they're private, privately held, and some have very poor reputations and they're in and out of the industry at times. Others have very good reputations, but how is your management process sort of dealing with the EPC community change over the last 12 to 18 months?

Al Monaco - *Enbridge - EVP, Major Projects*

Yes. Well, the -- first of all, the relationship is a lot better. In this environment, obviously their goal is to try and get as many projects as they can. So the tide has turned a bit. Certainly we're in the driver's seat a lot more.

I'm not so sure the focus and relationships with them on a day-to-day basis has changed all that much. And that's simply because in our business, you have to be very much on top of what the contractor is doing.

I think in previous years, where you dealt with lump sum contracts, you'd essentially allow a construction company to go out and do their job. That's no longer the case. We are really very much on top of them day-to-day. We have to have that relationship, otherwise, we're simply not going to have control of the project.

So we spend a lot of time with our contractors at all levels in the field, and my counterpart and project director counterparts, are spending time to make sure we're all on the same page. And a lot of that frankly happens up front to make sure we're aligned in what we're trying to do. And then a lot of times, we find that we put in incentive mechanisms to make sure that we're financially aligned so that they are driven by the same costs and schedule targets as we are.

So what we're trying to replicate, actually, Andrew, is that little pie chart that I showed that incentivizes our own people. We want to have that same kind of score card for them, so their incented in the same way.

Pat Daniel - *Enbridge - President, CEO*

Andrew, maybe just to add quickly to that as well, and we look for letters of credit from many of those contractors to ensure that we're not left exposed on major projects.

Al Monaco - *Enbridge - EVP, Major Projects*

Yes, Carl?

Carl Kirst - *BMO Capital Markets - Analyst*

Al, just turning to Gateway, I know that's fairly far off, but as you move to a regulatory filing and we go through the engineering, et cetera, does that necessitate an update in the projected costs? I know the last cost go-around was back '06, I didn't know if you could help, give any color there?

Al Monaco - *Enbridge - EVP, Major Projects*

Yes. The last cost estimate actually was back in 2005, Carl, and that estimate was \$4.5 billion. Obviously with the passage of time and the escalation that's occurred, you will see that cost estimate rise. We will be updating the cost estimate as part of our regulatory application. So that's part of the work we're doing right now on the engineering side and the route selection.



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So you can expect it to rise, and I won't be specific about what that is right now, but -- the other thing, though, that this recent downturn has dampened that cost increase effect. So we will be putting in the application and hopefully that's by year-end.

Gee, I got a ton of questions last night about the offshore work in our dinner.

Okay.

Pat Daniel - Enbridge - President, CEO

Amazing how things change in the year with regard to management of construction costs, isn't it?

Al Monaco - Enbridge - EVP, Major Projects

Right. Right. For sure.

Al Monaco - Enbridge - EVP, Major Projects

Okay. Thank you.

Jim?

PRESENTATION

Jim Schultz - Enbridge - SVP, New Ventures

Thanks, Al, and good morning, everyone.

It's my pleasure today to take you through the current state and the promising growth opportunities that we have for our Green Energy business. As Pat noted in his opening remarks this morning, Green Energy is an increasingly significant business focus for Enbridge and we're excited about our future.

And if you look at it, we're close to, if not at the point where investing in renewable energy technology is not just the right thing to do, from an environmental perspective, but the right thing to do for shareholders and for long-term sustainability of our business.

The renewable energy industry continues to grow and it's driven primarily by public concern with climate change and supported by the increased government incentives that facilitate the advancement of new technologies. These renewable incentives, along with Enbridge's strong financial position provide us with a window of opportunity to secure a strategic foothold in renewable energy development.

I'll begin today by discussing Enbridge's overall green strategy, focusing on our business rationale for our involvement in renewable energy and on the similarities of the green energy business model to that of other business sectors. From there, I'll turn to the potential for Enbridge to capture significant wind and solar opportunities. As you know, we formally opened the 190-megawatt Enbridge Ontario Wind Project earlier this year and just last week, we took our first step into solar energy, with the acquisition of the 20-megawatt Sarnia Solar Project.

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Enbridge is also focused on emerging green energy technologies, and to that end, I'll cover our interests in waste heat recovery in Saskatchewan and bring you up to date on the potential opportunities to expand our hybrid fuel cell technology.

And because we believe reducing greenhouse gas emissions will require not only avoiding their generation, but finding ways to manage when it is emitted, I'll conclude on Enbridge's progress on advancing carbon capture, transportation and sequestration initiatives.

So why Green Energy? There are those who see corporate investment in Green Energy as a token investment, at best, green washing at worst. For Enbridge, our investment in Green Energy is increasingly part of our core business proposition and an area where we see significant long-term growth potential. Structured properly, investments can be an excellent fit with our low-risk business model, with returns that are becoming more and more attractive.

And fairly, the returns are not just financial. Enbridge's investments in Green Energy further strengthens our reputation as a socially responsible company. This in turn enhances our ability to attract and retain employees and to secure our license to operate with key stakeholders and communities. It gives us a credible voice in influence environmental policies.

As the societal pressure to deal with climate change mounts, the momentum to shift towards renewable energy development will continue to grow over the next 50 years. Our business is to deliver energy and to sustain that business, we need to adapt and grow. As energy sources gradually shift, we want to continue to be at the forefront of capturing new opportunities and continuing to grow our company.

Through our investments in Green Energy, we can benefit both our shareholders as well as contribute to achieving our societal objectives in addressing climate change. I'd like to spend a couple of more minutes of time on the business rationale for investing in Green Energy and I think as we've heard before, really how do we make Green Energy look like a pipeline from an Enbridge perspective?

Investing in renewable energy diversifies our business and further strengthens our financial position with stable cash flow, attractive returns and reduced business risk. Our recent solar acquisition is an example of how our Green Energy business model closely mirrors Enbridge's existing liquids pipeline business. The table I've got on this slide is a side-by-side comparative illustration.

Now if you look at our liquids pipeline business, it has minimal capital risk to our commercial agreements. We recover our costs through tolls. With the Green Energy, our capital cost risk is low. And as we target projects that are fully permitted, construction ready, and have fixed price, turnkey engineering, procurement and construction agreements that will protect us from any cost overruns that can adversely impact our returns.

Commodity prices have little effect on the economics of our pipeline business, to our cost of service model and any take-or-pay contracts with our shippers. Our renewable projects also have low market price risk. This is driven primarily by government incentives, such as long-term fixed-price standard offer contracts or feed and tariffs.

Our pipeline business has insignificant amount of volume risk, given the take-or-pay nature of our agreement. Our Green Energy projects are comparable with very limited volume risk. And we're currently seeking out projects that use superior technology and have long-term performance warranties. Any risk tends to come in the form of weather, such as wind performance that can affect the capacity factor.

Now to mitigate this risk, we model our investments using conservative performance estimates and ensure that even a significant capacity factor deviation will only have a modest impact on our returns.



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Now both the renewable energy and the liquids pipeline business take on very little counterparty credit risk. Enbridge's pipeline business has very credit-worthy shippers. Our Green Energy initiatives actually have a higher graded contract off take such as the Ontario Power Authority.

Our pipelines are generally able to flow through operating expenses, or in certain situations, to reduce our exposure through incentives. We manage our operating and maintenance cost risk associated with our green projects with fixed price, long-term maintenance agreements.

Finally, the return on equity on both sectors of our business is comparable. We are actively seeking new global projects that will provide UCF ROEs that are similar to those of the liquid pipelines business.

Now as Pat indicated, Enbridge's Green Energy footprint is small, but diversified and growing. We're pleased to be able to add the Sarnia Solar Project, a 20-megawatt solar power farm in Ontario as a complement to our existing assets.

Now in Toronto, our hybrid fuel cell plant has been fully operational since the end of 2008. In Saskatchewan, along the Alliance Natural Gas Pipeline, we have four five-megawatt waste heat recovery facilities that have been operational since 2008.

Our existing wind assets, SunBridge in Saskatchewan and Magrath and Chin Chute in Alberta, continue to perform well. Our 190-megawatt Ontario wind energy project, the second largest wind farm in Canada, has been fully operational since early 2009.

These four wind farms generate 261 megawatts of electricity, of which Enbridge's equity share is 216 megawatts. This power output is equal to 35% of our total Canadian mainline power consumption. We continue to make progress on our CO2 initiatives in Alberta and Saskatchewan. The Alberta saline aquifer project, which goes by the acronym of ASAP, and the (inaudible) heat project have advanced into the next phase.

Now the market is right and demand is strong for renewable energy projects in Canada and the United States. Government incentives combined with growing consumer demand, technology advances and cost efficiencies are driving growth in renewable energy. In Canada, wind energy is the fastest growing renewable energy business and forecast compound annual rate of approximately 25% over the next eight years.

In the United States, renewable energy has taken off over the past couple of years. The Obama administration is demonstrating a strong commitment to using clean energy as a tool for economic growth. The United States renewable portfolio is to double wind energy generation to approximately 33,000 megawatts by 2012. Now that's the equivalent of 174 Enbridge Ontario wind power projects.

Similarly, solar energy is emerging as the key source of renewable energy and is expected to grow globally at an approximately annual compound rate of 40% over the next eight years. Government programs such as the Ontario Green Energy Act and renewable energy standard offer contracts provide strong incentives to strengthen project economics. The Green Energy Act, North America's first feed-in tariff, introduces new electricity pricing to encourage the development of renewable energy.

It offers stable, competitive pricing with long-term contracts. The Green Energy Act feed-in tariff pricing for wind is fixed at \$0.13 per kilowatt hour, independent of the size of the project.

For solar, the fixed price is \$0.443 per kilowatt hour for ground-mounted photovoltaic projects of less than 10 megawatts. US electrical jurisdictions are developing similar pricing agreements. The Obama administration's green agenda remains high on his priority list and promises to create a strong and stable renewable energy industry.

Our recent solar acquisition and future wind and solar projects we are targeting will provide Enbridge with stable cash from long-term fixed price power purchase agreements and low-risk, attractive returns.



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Last Friday, Enbridge announced the \$100 million acquisition of a 20-megawatt solar project in Sarnia, Ontario. First Solar, a global leader in solar energy, developed and is now constructing a facility, which is located near our existing Sarnia oil terminal. And you'll see the picture on the bottom left there is actually a picture of it under construction.

The project represents our entry into solar power generation and while 20 megawatts may not sound large, it will be the largest photovoltaic solar energy facility in operation in Canada and one of the largest in North America when it's completed in November or next month.

The project will provide Enbridge with stable cash flow through a 20-year standard offer contract at a fixed price of \$0.42 per kilowatt hour. We have a 10-year operating and maintenance contract in place with First Solar as well as a fixed price, turnkey, engineering procurement and construction agreement.

First Solar has secured permits for a total of 80 megawatts at the site and Enbridge, subject to certain conditions being met, may participate with First Solar in future energy projects at the Sarnia site. The acquisition with favorable commercial provisions will provide Enbridge with low-risk investment and attractive return in the low to mid-teens.

We're also aggressively pursuing other renewable energy projects that fit with our Green Energy business model and as Pat mentioned in his presentation, we hope to grow our Green Energy business to 2% to 3% of Enbridge's consolidated earnings by 2013.

Moving on to waste heat recovery, as I mentioned there are four five-megawatt electricity generating stations operating along the Alliance pipeline. These plants recover exhaust heat from compressor stations and convert that heat to emission-free electricity. Plants are operated by NRGreen, which is a subsidiary of the Enbridge Income Fund.

The power generated is sold through a ten-year power purchase agreement with SaskPower, with an option to renew for an additional ten years. NRGreen continues to look for opportunities to use this technology at compressor stations along the Alliance Pipeline or in other similar operating areas.

In January of this year, Enbridge's hybrid fuel cell plant at Enbridge Gas Distribution's main Toronto office, pictured here, went into operation. The plant is the first of its kind in the world and generates approximately 2.2 megawatts of ultra-clean electricity, which is enough to power about 1,700 homes.

The facility captures waste heat at one of our gas pipeline let-down stations and converts it to electricity by powering a turbine. In parallel with the turbine is a fuel cell that takes a slip stream of the natural gas and converts it to electricity through electrical chemical process, with heat as a byproduct. This heat is then used to replace the heat from gas combustion at a turbo-expander, to keep expanding gas at distribution temperatures.

Now we're currently investigating expanding this technology to several other locations in our own gas distribution network. In our preliminary studies, we've identified several locations in our gas distribution franchise area, where we could generate an additional 40 megawatts of ultra-clean energy, probably over the next five years.

We are now in the process of developing partnerships to leverage our exclusive North American distribution rights for this product. We are working with the Ontario government to have the hybrid fuel cell technology included in the feed-in tariff.

Right now, the rate we receive for power generated by the fuel cell is the same as that for coal-fired generation. We believe there is a significant societal benefit to support the expansion of environmental friendly technology and are hopeful that we will be successful in this endeavor.



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As we are seeing with our other Green Energy technologies, as they are proven, costs start to come down. While incentives help to foster the development and implementation of these new technologies, that they, over time, the economics will improve and the need for incentives will diminish.

Carbon capture and sequestration, or CCS, continues to be a hot topic, both globally and in North America. Consistent with our core expertise, Enbridge's focus is specifically on CO2 pipeline transportation and sequestration in Alberta and Saskatchewan. They're two areas that have considerable growth potential.

It's estimated that at least 15 million barrels per day of new crude supply must be added by 2015 to serve a global population that's expected to increase by a billion people. Try as we might, we will not be able to meet that need with renewable energy alone.

So as Alberta continues to develop its vast oil resources, the world's largest source of secure and reliable energy, we need both to reduce the carbon intensity of the product and to develop measures to prevent emissions from entering the atmosphere.

Last year the Alberta government announced the CO2 reduction plan. The province's goal was to reduce emissions by 200 mega-tonnes or 50% of the projected emissions by 2050. Approximately 70% of those reductions or 139 mega-tonnes of CO2 reductions are expected to come from carbon capture and storage.

The 139 mega-tonnes of CO2 is the equivalent of 2.4 million barrels per day of liquid CO2, which with this magnitude says to us that CO2 transportation and storage has attractive potential for long-term growth.

In its recent study by the Canadian Energy Research Institute to implement CCS in the oil industry the incremental cost of a barrel of oil could be between \$5 and \$10. Some of that CO2 though could be sold and be used for enhanced oil recovery, which would offset part of that cost.

However, it's unlikely that enhanced oil recovery will provide enough demand to utilize all of the carbon dioxide that will be needed to be sequestered. To help further offset some of the cost of handling CO2 Enbridge together with Syncrude and other industry participants have launched a study to investigate using CO2 as a slurry agent to transport solids such as sulfur, petroleum coke and limestone.

We would move that from the Fort McMurray area to both local markets and to railheads. The much-discussed big prize, a CO2 backbone pipeline out of Fort McMurray could be utilized with this project. We have applied for government funding for Phase 1 of the project and we're optimistic that the government will recognize the potential benefits of our proposal and provide 50% of the necessary funding.

The project is set to launch next month. Another important region in our CCS is in Saskatchewan. The Aquastore project, which is another initiative in which we're involved, it continues to move forward. This project would see five hundred tons of per day of CO2 captured from the Co-op refinery and transported about 10 kilometers by a pipeline to a sequestration site. Enbridge will operate and have joint ownership of that pipeline.

We also have ownership of the sequestration site and could operate this facility. Now the economics of CO2 pipelines will be managed in the same manner as crude oil pipeline. A tariff will be set with a long-term take-or-pay toll to transport the CO2 from the capture facility to an enhanced oil recovery or sequestration site.

As for the sequestration site it's anticipated that a toll would be charged for their use as well. The commercial structure of these sequestration sites will be similar to that of Lanco, where a toll is paid to collect and dispose of waste. Alberta has a great geology for long-term commercial scale sequestration of CO2.



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Now, a few specifics on the Genesee CCS project; Enbridge is partnering with Capital Power, which is a spin-off of the company EPCOR to be a CO2 transportation provider for Capital Power's proposed 270 megawatt integrated gasification combined cycle power plant. This plant is to be located next to their existing power plant facility in Wabamun, Alberta and will be designed to capture 3,300 tons of CO2 per day. And the Wabamun area is close to several enhanced oil recovery operations and there's a number of power plants that could one day capture CO2. A CO2 pipeline in this area could be the main CO2 transportation provider for all sources.

Enbridge is proposing to build a 16-inch pipeline with an ultimate capacity of 20,000 tons per day of CO2 to serve the needs of the Wabamun area. This pipeline will terminate at a central hub where a sequestration site would be located. From the hub a 10-inch pipeline will be built to continue the CO2 delivery to enhanced oil recovery fields in Drayton Valley and potentially to the Swan Hills area, an oilfield to the northwest.

As enhanced oil recovery demand and CO2 supply grows Enbridge will build additional pipelines as necessary for the deliveries to these EOR fields. The Alberta Saline Aquifer project, which I've mentioned earlier, is led by Enbridge will be the sequestration provider for the Genesee's project. We've identified several sites at the Wabamun area that will be able to sequester large scale volumes for CO2 for thousands of years.

In early 2009 the 38-company consortium led by Enbridge successfully completed the first phase of [ASAP]. The project identified six suitable sites for long-term, large-scale storage of CO2 in a saline aquifer reservoir.

ASAP has selected the saline aquifer to sequester CO2 for a number of reasons. Firstly, saline aquifer formations are much deeper than other target formations and provide several layers of impermeable cap rock used to trap the CO2 in the reservoir.

Secondly, the CO2 can dissolve in the saline water and eventually convert to a bicarbonate such as limestone. Last, but not least, saline aquifers are not used by hydrocarbon producers and therefore will not be interfering in any oil or gas activity.

Throughout Phase 1 we engaged a number of engineering design members to develop preliminary designs and cost estimates that would serve as a basis for the Phase 2 pilot project. The project also secured federal government funding through Natural Resources Canada and in partnership with the Genesee project has been successful in moving to the negotiation stage of a Letter of Intent with the Government of Alberta for a share of the government's \$2 billion CCS fund. Contingent on funding decisions the project will continue progress through Phase 2 to develop and conduct a field operating pilot.

We anticipate drilling a well, its test well, in the third quarter of next year and injecting test volumes of CO2 by early 2011. In 2016 full CO2 volumes will be available from the Capital Power IGCC plant as it comes on line. Beyond 2016 when additional CO2 volumes are captured additional sequestration sites will be developed and operated commercially.

In conclusion, the market is ripe for green energy development. As such Enbridge is actively pursuing additional wind and solar power projects similar to the recent solar acquisition that fits with our low risk business model and provides attractive returns.

While green energy represents a small component of Enbridge's business, we believe that our renewable energy developments could represent meaningful opportunities for long-term organic growth. As carbon capture and storage is tested and proven and as the economics improve CO2 transportation holds considerable promise with society continuing to demand clean energy development and government's keen interest in finding and supporting ways to make this happen, we believe this area will continue to offer attractive returns.

And CCS is intractably linked to our crude oil pipeline business. As CCS technology advance they will help to meet our customer's needs for greenhouse gas solutions supporting the consumer growth of the oil sands. That growth in turn means increased pipeline transportation volumes while still meeting our environmental targets.



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As a company that is in the business of delivering energy, we believe that we have an obligation to do so in a manner that is responsible and sustainable. We can fulfill that obligation by ensuring that we operate our own operations with respect to the environment, and as Pat noted earlier, with the objective of being environmentally neutral.

We can fulfill that obligation through our investment in green energy technologies focusing on initiatives that will most closely align to our low risk business model such as the Sarnia solar project. And we can fulfill that obligation by partnering with our customers, with governments, and academia to advance and develop real promising technologies to help manage greenhouse gas emissions.

Thank you for your time and we'll be available to take any questions you may have.

QUESTIONS AND ANSWERS

Andrew Kuske - *Credit Suisse - Analyst*

Andrew Kuske, Credit Suisse. Jim, just when you think about the solar in the (interview) announced last week and when you think about the relative cost of capital differences between the solar developers and yourselves is this sort of a real area of focus for you in the future or is it just going to be constrained to Ontario because of the feed-in tariff that exist? I mean what other jurisdictions may you be looking at?

Jim Schultz - *Enbridge - SVP, New Ventures*

Well in Canada it is very much at this point limited to Ontario given the feed-in tariff other provinces look at this and if they come up with something similar then obviously we would look there. In the US there are areas though particularly those areas where they have higher electricity prices that we see probably by the 2012, 2014 area that you'll have more converging of those costs.

So there are opportunities south of the border as well but at the moment we find that there is sufficient opportunities here in Ontario and that's probably going to be our primary focus.

Andrew Kuske - *Credit Suisse - Analyst*

And then just to follow up on that, what solar technologies have you looked at? Is this just on the photovoltaic side or have you looked other things like towers?

Jim Schultz - *Enbridge - SVP, New Ventures*

We have looked at other things but quite frankly in Canada photovoltaics are probably your best solution because indirect light is also effective with that as opposed to some of the other thermal solar technologies that you'd probably have to be in Nevada or somewhere where the sun is very strong, in desert areas.

Andrew Kuske - *Credit Suisse - Analyst*

And then there's one final question on solar, do you have any intention of putting solar panels on say the roof of the ECG Building just to take advantage of the feed-in tariff that exists for that (subset) technology?

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Jim Schultz - Enbridge - SVP, New Ventures

Yes, first off the entry points we do have into solar that we announced on Friday we thought was our best entry at this stage. But that is another area that we will be looking at through the next little while and see where, in fact, that is effective. Because as you know on rooftops the feed-in tariff is \$0.82 so considerably higher. So it's obviously an area we will also look at.

Pat Daniel - Enbridge - President, CEO

Andrew, if I could just add on a couple of things, one of the criteria that we have in our renewable energy portfolio right now is to try to locate any projects in near existing operations so we look, for example, the solar project you probably noticed our (inaudible) in the background and we'll continue to do that whether it's in Canada or the US.

And I wonder Janet Holder whether you could maybe just comment because we've also got a solar initiative underway on a solar water heater joint venture in the Distribution company?

Janet Holder - Enbridge - President, Gas Distribution

Yes, we're looking at Bullfrog and [Entertan] to develop 1,200 geothermal hot water heaters in the City of Toronto, actually this is in the true City of Toronto we're looking at the city as basically it is a pilot work for us to see what the impact of solar geothermal hot water would be to our loads and also see what the processes to acquire what installation procedures would be required to roll this out to a franchise or another electric company.

Pat Daniel - Enbridge - President, CEO

I'm trying to think what a good gift for all of you would be and we do have something as your leaving. We should have really given you a solar water heater as you walked out but a little bit too cumbersome. I think this is going to be a great initiative and it's going to catch a lot of attention going forward.

Matthew Akman - Macquarie Capital Markets - Analyst

Thanks, Matthew Akman from Macquarie. Why is the objective -- I understand why Enbridge is getting to renewables. This seems to be a great business but why do you have such a modest objective for renewable in your overall earnings picture? 3% appears to be an investment of maybe less than a billion dollars given the returns you're getting on it. Why wouldn't you guys be going much bigger in this area given the fit and the opportunity right now?

Jim Schultz - Enbridge - SVP, New Ventures

I'll let Pat answer that, because I'd go bigger.

Pat Daniel - Enbridge - President, CEO

Well, I think it's typical of anything Enbridge does, we walk before we run. And so far we've been very happy with our investments. What we're going to go after in a very, disciplined way. And as we look back at other major initiatives that we've had over the years, for example, international for a lot of companies that ran before they walked, they came back holding their heads in their hands from international, and we didn't.

It proved to be a tremendous strategic advantage to us going about it the way we did. So it's still relatively new strongly supported by government incentives, and we want to make sure that the technology continues to improve so it doesn't rely

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on those initiatives going forward. But certainly the opportunities appear to be there to grow up pretty rapidly, Matthew. But we're going to walk before we really run.

Vern Yu - Enbridge - VP - Investor Relations

Any other questions. If not, I'll ask Richard Bird to come up.

PRESENTATION

Richard Bird - Enbridge - EVP, CFO and Corporate Development

Good morning, everyone. I'll wrap up this morning with a few financial perspectives on the plans and prospects for our different business units that you've heard about this morning in combination with the financial strategies that we overlay on top of the assets.

So I'll start with an update to the aggregate capital expenditure program, which will be required to support our portfolio of commercially secured growth projects for the period 2009 through 2013. And as we shift this perspective forward by one year to align with the timeframe of our 2009 strategic plan we drop off 2008 from the back end, which is a high expenditure year now behind us, and add 2013 at the back end, sorry, we drop 2008 off the front end.

However, we'll still looking at the \$10 billion program of commercially secured attractive investments for Enbridge and \$12 billion including Enbridge Energy Partners.

Our funding plan to meet the \$10 billion required by Enbridge has been updated on this chart. You may recall that the previous vintage of this chart which expands 2008 to 2012 indicated a net funding requirement of \$6.6 billion compared to the \$3.1 billion that's indicated here. So there's a few differences.

The first is that we've added the \$300 million of capital required for the Big Foot Oil pipeline, which we talked about earlier this morning in the Gulf of Mexico. That will go in the opposite direction, of course. That increase is the figure. But as we shift forward this perspective by a year not only do we reduce the committed capital that's left to spend, we also pick up the year 2013 with higher internally generated funds from operations available to fund our capital requirements.

So the net impact of those two effects brings our funding requirement to \$3.1 billion for the commercially secured projects down quite dramatically from the prior year and a very, very manageable number. This translates into only \$3 billion of debt remaining to be funded by our three issuers, roughly three quarters of a billion dollars a year inclusive of refinancing of all maturities as they come due.

It also means that we actually have a projected equity surplus of about \$1.4 billion, which is available to undertake further attractive organic investment opportunities or tacit acquisitions.

Our financial strategy continues to emphasize financial strength and flexibility as an enabler of accessing the capital we require for growth and at minimum cost. An important element of this is our strong credit, our strong investment grade credit ratings as set out in this chart. We are managing our financing plan in close consultation with all three rating agencies in order to sustain or enhance our current ratings.

Another important contributor to our financial strength and flexibility is the maintenance of ample liquidity. With approximately \$6.5 billion of consolidated credit facilities at present of which \$2.7 billion is un-utilized and available to bridge our term financing requirements into attractive market pricing windows.



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This chart illustrates what the combination of our strong credit ratings, and our ample liquidity can do for us in terms of sourcing long-term debt at minimum cost. It compares the pricing on two identical debt issues; both \$400 million issues, both for 10-year terms and both by Enbridge the parent in the group.

The first was issued in March of 2007 at a 5.6% coupon not long in advance of the onset of the global financial crisis. The second was issued a little over a month ago at a coupon of 4.8%. So perhaps counter-intuitively our cost of debt is actually lower in the aftermath of the financial crisis than it was before.

Of course, you will all recognize that this is only possible because the benchmark, 10-year Government of Canada bond has dropped dramatically. That's a state of affairs that we're not sure we can count on for very much longer, but I'll come back to that subject in a few minutes.

The spread that we issued has actually gone up from about 100 basis points for the earlier issue to 135 basis points. Now, 135 basis points seems high on the one hand relative to our long-term spread, but it's actually very much lower than the spread that would have been available at any earlier time since the crisis struck.

At times in the last two years, we were advised that we could issue but at a spread that would have been 500 basis points or more over the long Canada benchmark. That's pretty ridiculous pricing, but such is the nature of our global financial crisis.

The point is, however, that because of our ample liquidity we were able to wait until the prices abated, at least enough for reasonably rational of credit to re-emerge. We were not held hostage to the crisis and forced to issue debt at rates that would have detracted from shareholder value for years and years to come. And so, that's what that liquidity enables us to do. It's enabled us to do it in this go-round, and we will continue to utilize that tool on a go-forward basis.

In thinking about that, you might want to compare with the funding strategies of some of the other energy infrastructure companies and what they've raised debt at during the last couple of years. A second important element of Enbridge's financial strategy is a highly disciplined approach to risk management. This element is tied directly to and drives from the low-risk aspect of our investor value proposition.

It starts with our continued focus on low-risk commercial and regulatory arrangements as our way of doing business. And you've heard about that through many of the presentations this morning, avoiding or minimizing any exposure to capital costs to volumes or to credit risk and even building protection of our returns against inflation in many of these commercial agreements.

These underlying commercial arrangements are the foundation of our low-risk proposition, but we don't stop there. We also very carefully manage our financial risks such as foreign exchange where we are hedged against a weakening US dollar on 80% of our US dollar earnings through 2013 at CAD\$1.22 per US dollar.

So, maybe the US economy and the US dollar can regain its pre-crisis stature, but we see significant risk of a further slide in the US currency and our risk management philosophy to substantially eliminate the potential volatility in our earnings and dividend paying capability from this risk.

As I mentioned earlier, our concern is that we could see a significant upward spike in benchmark interest rates in both Canada and the US as the world economy emerges from recession. Perhaps we may continue to enjoy a benign interest rate environment for some period of time to come but, again, our risk management philosophy leads us not to take this risk and so we have hedged our exposure, again, through 2013 on both our floating rate debt and our anticipated term debt issues, including refinancings.

As Steve Letwin touched on earlier, in those limited pockets where we have some commodity price exposure in our business, we also actively manage that source of risk and potential earnings volatility.



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So taken altogether, this highly disciplined approach to risk management is reflected in tight annual guidance ranges that we have provided and consistently achieved and it provides us with confidence in our longer-term growth guidance. The third aspect of our financial strategy that I'd like to call your attention to is our very explicit preoccupation with managing our capital resources to maximize shareholder value.

This preoccupation is embedded in our capital appropriation process where all investments that are presented to our Board of Directors for approval are subjected to rigorous screening for their fit with our shareholder value criteria, an attractive full-life return on the investment, limited unmitigated risks and immediate EPS accretion.

Having ensured that we are deploying our capital on attractive terms, we then turn to ensuring that we are sourcing it at the lowest cost including, as already touched on, maintaining strong credit ratings to support favorable borrowing rates as well as carrying substantial bank liquidity to facilitate advantageous issuance windows.

But, we're also very amenable to the creative use of sponsored vehicles and financial partnerships to access equity capital on favorable terms. To date, Enbridge Energy Partners, Enbridge Income Fund and Noverco have all contributed significant value to Enbridge investors as sources of low-cost funding for growth. Going forward, we will continue to look for ways in which both these existing vehicles as well as potential new partnerships can be effective sources of capital.

Now, we like to grow the company and keep adding to its asset base, but there are circumstances where the best option for enhancing shareholder value is to shrink the asset base. We have done this and we will continue to do so when it permits us to access capital on favorable terms because a third party is prepared to pay a substantial premium relative to our internal valuation for an asset, which is not strategically or operationally integrate with our core businesses.

And lastly, the thing that we will avoid like the plague is the substantial recurring issuance of equity capital, especially at prices which fall below our internal valuation, which means we have rarely issued equity of late and none at all in almost three years.

The table at the bottom of the slide depicts how stingy we have been with equity issuance in relationship to both the magnitude of the asset growth we have had to fund as well as the magnitude of our asset dispositions. Again, in assessing our capital management framework and track record, you might want to compare this with others.

So, I've just covered three key Enbridge key financial strategies. Those are maintaining a high degree of financial capability and flexibility, highly disciplined risk management and value-focused capital management.

In our strategic plan, these strategies are overlaid on the exceptional, diversified, strategic and competitive position afforded to us by our existing asset base, we are now positioned for an extended period of attractive investment and growth opportunities essentially across all of our business areas, liquids pipelines, natural gas infrastructure and green energy.

This position is reflected in the theme of our 2009 strategic plan, which is firing on all cylinders. This describes basically the fact that all aspects of our business are now pulling together at the same rate and at the same time.

So, what do you get when you combine that strategically positioned asset base and corresponding diversified investment opportunities with the aforementioned financial strategies? You get earnings per share growth off of our 2009 base, which we are confident will average 10% per annum into the middle of the next decade and beyond.

That's a remarkable long-term growth rate, bearing in mind that you don't need to be patient and wait to see it materialize, it is here right now, and also that it comes with very low risk, as we've already explained.

For those who are more focused on cash flow than earnings, our free cash flow, which is available for dividends and for growth investments, will double over this period from about \$1 billion in 2008 to \$2 billion in 2013.



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In support of the income component of our investor value proposition, we expect to maintain our payout policy of 60% to 70% of earnings. We're currently in the middle of that range so dividend growth should parallel earnings growth, extending our track record of about a 10% compound average growth rate, which we've already maintained at this point for a decade.

Now, if you look at how the market is currently valuing our prospects on a price-earnings basis, it is true that we are trading at a slight premium to our peers and to the TSX composite, but the emphasis would have to be on slight.

So, this is a very conservative valuation when you stack up all the fundamentals, those being our strategically positioned and competitively advantaged asset base, our superior capital management track record, the strongest growth profile, lowest commercial risk and highest returns in the sector and our proactive management of foreign exchange and interest rate and commodity price risk.

Enbridge is also conservatively valued relative to our own historical valuation norms. At a time when our prospects are as strong as ever and our risks are as low or lower than ever and when the risk [derate] is at a historical low, all of which should be positive valuation factors, we are trading at well below historical averages by any valuation metric.

Enbridge is also very conservatively valued based on the discounted present value of our business plan cash flows. This chart depicts the present value of the dividend stream from our 2009 strategic plan versus a range of different discount rates. [You don't] pick your discount rates.

To establish a terminal value, we have assumed that after 2018 our dividend growth rate reverts to our 20-year average of 5.5%, which seems like a reasonable assumption, maybe even a little on the conservative side.

With the very strong growth rate in dividends that we are expecting through the middle of the next decade, the present value of that dividend stream is quite wafty at anything close to a conventional pre-crisis cost of equity estimate. And I know some of you in this room have done that math yourself, and I've been interested to read your reports on it.

So, in my mind, there is little question that the long-term required return on equity capital, the long-term return, has increased somewhat as a result of the global financial crisis. However, the discount rate that's implied by our current market price is about 10.5%, which for a company with our risk profile I think, as I said before, is a very conservative valuation.

So, to briefly summarize my main points, Enbridge has ample financial capability and flexibility to undertake its commitments and plans. We are religiously focused on risk management and on maintaining our industry-leading capital management track record.

We are blessed with a diversified array of exceptional investment opportunities, driving a 10% average annual growth rate off of a record base year. And most important of all, our shares have potential value -- valuation upside by any measure.

So that concludes my comments, and I'll take your questions now.

QUESTIONS AND ANSWERS

Andrew Kuske - *Credit Suisse - Analyst*

Andrew Kuske, Credit Suisse, Richard, when you look at where the share price is trading today and the P&Ls that you walked through, when you think about where it's trading and where it could trade, what do you think the street is missing? Or, is it just a function that the street's just interested in different things at this stage in time?

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Richard Bird - Enbridge - EVP, CFO and Corporate Development

Well, you know, that's a question that we often ask, and you probably have been there when we've asked, when we go around on IR and try and get a feeling for how investors are looking at us and why they're not stampeding into our stocks.

I think at the moment it has a lot to do with the shifting dynamics of investor preferences and with all the great bargains that were out there, at least until recently, in some of the other sectors. So we've seen, I think, a cyclical swing into -- back into some of the higher beta stocks because of how cheap they were.

I would think that we're at about the end of that run and that we're poised for some kind of catalyst that will cause that valuation upside that I just spoke about to come into the stock.

Andrew Kuske - Credit Suisse - Analyst

And then just secondly if you could just talk about your credit ratings and your confidence on where the credit ratings are. Do you see any kind of prospects for downgrade potential? And alternatively, do you see any prospects for upgrade potential?

Richard Bird - Enbridge - EVP, CFO and Corporate Development

Yes. Well, I don't want to get ahead of our rating agencies, several of whom are with us here today. But -- and we've just gone through our annual credit review process with them.

So, what I would say is I think we provided them with a very strong picture, with a stronger picture in terms of our actual credit metrics that we're achieving this year than what we had indicated to them previously and a stronger picture in terms of what our forward credit metrics look like than what we would have provided them with previously as well.

So, I would have every reason to think that there isn't rating downside in sight. And I would be somewhat cautiously optimistic that maybe there's a case to be made for some enhancement to our ratings.

Petro Panarites - CIBC World Markets - Analyst

Richard, you've got net free cash flow doubling through 2013, and in addition you've got \$1.4 billion in equity surplus. You've indicated that acquisitions, while an option, are perhaps not first on your list. Beyond organic growth, where does stock repurchase come into equation, particularly given your -- the required returns of your stock?

Richard Bird - Enbridge - EVP, CFO and Corporate Development

Well, I think it doesn't come into play in the foreseeable future. As -- our capital management framework, as I mentioned before, is to do what's best for our shareholders.

But, I think between the organic growth that we see in those three areas, liquids, gas and renewables, and the much more sustainable growth rate in some of those areas and perhaps the very peakish growth that we were seeing a while ago, we would expect to be able to continue to deploy all of our internally-generated capital well into the future before we would ever face a question of buying back our stock.



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Petro Panarites - CIBC World Markets - Analyst

I have just one more follow-up. Given the onset of trust taxation in 2011, what are some of the plans associated with the income fund structure moving forward? And might we see that being eliminated?

Richard Bird - Enbridge - EVP, CFO and Corporate Development

Well, plans for the income fund structure are still under assessment. I believe -- I think we've generally indicated that there isn't any compelling reason to change the status quo. So, I don't see the income fund being eliminated. I see it either continuing on as a SIFT or in some corporatized form, but it's still a little early to know exactly what that's going to look like.

Matthew Colby - RBC Capital Markets - Analyst

Hi, this is [Matthew Colby] from RBC Capital Markets, just looking at your credit facility usage and your successful debt offerings last month. Just wondering if you could talk about your refinancing strategy over the next 6 months in terms of -- and also in terms of addressing whether you'll be doing that issuance at Inc. or at pipeline, Canada -- Canadian dollars versus the US and [essential] usage of hybrids like preferred shares?

Richard Bird - Enbridge - EVP, CFO and Corporate Development

Sure. Well, I'll start with the last first, likely not preferred shares, likely not hybrids. We did look at those as a potential form of covering part of our equity back at a point in time when it looked like we were going to be -- into take additional equity on board, but I don't see that as being the case any more. So it'll be conventional debt, and it'll be a mixture of all of the things you mentioned.

We do have \$3 billion worth of financing over the next four years plus a quarter, I guess, spread around all three issuers, the parent company and the two regulated utilities, Pipelines and Gas Distribution. Some of it will be Canadian and some of it will be in the US. Some of it will be in the not-too-far-distant future.

Alberta Clipper scheduled to come into service next year, and so we will be approaching the point in time where we will start to look at taking down the permanent funding for Alberta Clipper and other pieces as we go.

Unidentified Audience Member

Just to follow up on Roger's question, can you be a little bit more specific in the next 12 months [as to] the breakdown between the Inc. and the Gas and the Pipeline in terms of debt issuance?

Richard Bird - Enbridge - EVP, CFO and Corporate Development

Well, I can be specific in that Alberta Clipper, which would be the single biggest component of our funding, would be a combination of funding by the pipeline and by Enbridge Energy Partners. I don't have a specific breakdown of exactly which issuers are going to issue how much, and I'm not sure that's something we would lay out in that much detail in any case.

Matthew Akman - Macquarie Capital Markets - Analyst

Thanks. Matthew Akman, Macquarie, Richard, my question is on your financing (inaudible). And my question is, given that you've shown your cost of debt as falling and your cost of equity seems to be, if anything, rising and abnormally high, why don't you turn off the DRIP program?

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Richard Bird - Enbridge - EVP, CFO and Corporate Development

Well, because if we turned off the DRIP program, then we wouldn't have that \$1 billion, \$1.5 billion of surplus equity to work with. And so the DRIP program, although we're issuing at prices that are a bargain price, at least it's going to our existing investors so they're getting the benefit of that bargain. And it's a relatively efficient way for us to access the marginal amount of equity that we anticipate we ultimately will need to deploy as part of our continued growth programs. So, I don't think we would want to turn that off, at least not just yet.

Matthew Akman - Macquarie Capital Markets - Analyst

I just want to make sure I understand. It looks like from this chart that the DRIP program is generating most of the surplus. So if you turned it off, you wouldn't have as big a surplus but you wouldn't have a deficiency either.

Richard Bird - Enbridge - EVP, CFO and Corporate Development

That's true, but we also wouldn't have a kitty with which to fund further growth opportunities. We then would be faced with having to raise equity if we added significant new investments into the picture.

Matthew Akman - Macquarie Capital Markets - Analyst

Thanks.

Pat Daniel - Enbridge - President, CEO

I think, Matthew, having just come through what we have over the last 1.5 years, we'll just [have to keep that open-ended cushion] associated with the DRIP program there.

Robert Kwan - RBC Capital Markets - Analyst

Robert Kwan, RBC, Richard, obviously you've made it pretty clear that there's a stronger version to issuing large amounts of common equity here. And with the surplus that you've got, can you talk about your capital allocation if you were able to find a project to use that equity. Would you then pretty much turn off any huge kind of -- looking at new projects of size? Or, do you find -- or, do you think you've got some other options such as asset sales that you can continue to bolster that equity going forward?

Richard Bird - Enbridge - EVP, CFO and Corporate Development

Sure. Yes, I haven't seen us yet turn off looking at opportunities. I think the mandate that I always get from my boss and from my peers is, if we come up with a good project, Richard, you darn well better figure out a way to fit it into the financing program.

So, that depends very much on the size and the look. I think we're past now the \$2 billion, \$3 billion and \$4 billion projects. Most of what we see out there on the horizon is much more bite-sized chunks like we saw with the Walker Ridge project, with the Kearl project. We're talking about \$0.5 billion to \$1 billion chunks spread over a few years.

They're much more manageable. And depending where they fall in the time profile, the later the period we get, the more our ability to take those opportunities on board and self-fund them, so to speak, with the mounting cash flow that we're seeing diminishes or minimizes the amount of equity that would be required for that.

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But, if we found enough opportunities that fit all the parameters that we're looking -- that we're looking for to the point where we'd chew through all that \$1.5 billion of surplus equity, where we're chew through our post-2013 internal funding capability, I guess we would look at what our shares were trading at at that point in time and we would look at other opportunities, as we have, like asset sales or more likely asset monetization, some kind of financial arrangement with financial partners where we'd bring them, probably at the asset level as opposed to at the level of the common shares themselves.

Robert Kwan - RBC Capital Markets - Analyst

Then my last question, probably not as big as big a deal at this point, if you did have parts of your credit facilities that were coming up for renewal and you had the term-out options in the next year, can you just give an update as to where you're on that and renegotiations?

Richard Bird - Enbridge - EVP, CFO and Corporate Development

Well, we've renewed all of our credit facilities, so those have all rolled over (inaudible - microphone inaccessible)

Unidentified Audience Member

Two questions, one is for Richard and one's for Pat. The first question for Richard, IFRS, do you see any impact of IFRS on the way to report your financials or on your covenants. That's my first question. And my question for Pat is, if natural gas prices recover more slowly than anticipated, if economic growth and industrial demand recover more slowly than anticipated, what is your opinion of the financial conditions and outlook for the North American power producers and the E&P sector going from the more -- the most senior to the more junior companies, how could that -- how would that impact you and ultimately your game plan?

Richard Bird - Enbridge - EVP, CFO and Corporate Development

Do you want me to go first --?

Pat Daniel - Enbridge - President, CEO

You can go first.

Richard Bird - Enbridge - EVP, CFO and Corporate Development

Pat? Mine's a little simpler, I think, than yours. So, we have looked at IFRS. Of course, one of the big variables in IFRS is whether some form of rate-regulated accounting is introduced into IFRS. We're relatively optimistic that that will be the case, although that wasn't always the way we thought it was shaping up.

So we have looked at, sort of on a pro-forma basis, under IFRS, what we think our numbers will look like, and how that will impact on covenants and so forth, as you indicated, and it looks like it will not have any material impact on our covenant, so nothing to be concerned about there.

It will make some differences as we convert over, to both our balance sheet look, and our earnings look, but as long as rate regulated accounting continues on in some form in our IFRS, it won't be a landslide change. It's going to cost us a fair bit of money to get onto that new set of accounting principles, and that's probably the biggest impact, is that we're going to have a bit more expense this year and next year for that project than we otherwise would.

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But we will, once we are on to IFRS, we will be very attentive to try to bridge over from our historical basis accounting to the new basis of accounting, so people understand, to the extent that we do look any different, why that is, and that it's a result of the accounting, as opposed to any change in our business fundamentals. So I think largely it will be a non-event from an investor and analyst perspective.

Pat Daniel - Enbridge - President, CEO

In summary, let me try to address your question with regard to slower economic growth and what impact that might have, you said, on power producers and on E&P companies. I'm glad you addressed the latter part of it, the E&P companies, first, and maybe I'll ask Steve Letwin, who's a little more in tune with the power business than I am, to comment on what the impact would be, of longer term economic recovery.

First of all, with regard to the E&P companies, if we see slower economic recoveries, lower industrial demand, hence, lower natural gas prices due to a lack of demand, I think we're likely to see some further consolidation in particularly the gas producer area, and in those that are low-cost producers, are the ones that will survive, do well, and be the consolidators.

It's going to be a real challenge for many of them to survive, if we see gas prices being in the \$2 to \$3 range for long term. However, as we heard last night, we do expect to see a fairly significant increase in demand, due to the changing use, both for power generation, natural gas vehicles, et cetera, so I'm answering your question from a point of view, and a way in which you presented it. If it's very slow, I would guess consolidation, and the low cost guys are going to be the ones to do well.

On the power side, Steve, do you want to comment on that, the impact on the power business of slower economic recovery?

Steve Letwin - Enbridge - EVP - Gas Transportation & International

Yes, I think when you look at power, and I always think of natural gas and coal, the two major commodities that you have to consider, and I would say that, at \$4 gas, gas will be coal on any new generation going forward. As you migrate toward \$5, \$6, \$7, \$8, then coal becomes more attractive economically, and hence, I think, challenging for natural gas producers.

So I think you have some fairly good potential to see gas prices move toward your \$6 and \$7, maybe not as high as \$7 in 2010. Certainly it's sitting in the front end of \$6, as we speak today. It will depend on the winter, how cold it gets, and that economic recovery. If it doesn't materialize, then I think, as Pat said, you're going to see very low electricity prices for the next couple of years. And therefore, for independent power producers, more challenging times.

Pat Daniel - Enbridge - President, CEO

Did that address your question?

Unidentified Audience Member

(inaudible question - microphone inaccessible)

Pat Daniel - Enbridge - President, CEO

So the question is, how would that affect our financial position in (inaudible). And to tell you the truth, not a lot. You know, we, as you know, are just about completely independent of the commodity price itself, and with the growth rate that we've got, in combination with the projects we already have secured, and those that we're working on, it won't impact the growth rate of the company either.

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It would only be longer-term when you get out in that 2015 plus time frame, if we don't see a lot of gas infrastructure that it could start to impact. But short term, no impact -- short and medium term, no impact on us at all.

Unidentified Audience Member

(inaudible question - microphone inaccessible)

Pat Daniel - *Enbridge - President, CEO*

Yes, the question, for those on the web that couldn't hear that, in terms of counterparty risk, very little counterparty risk to us associated with any of the things, the project we've got underway right now. As you know, our counterparties are largely the major industrials, and you know, for example, the gas projects we're talking about today are counterparty Chevron and partners, so very good credit, and hence, not a lot of exposure.

Richard Bird - *Enbridge - EVP, CFO and Corporate Development*

Okay, over to you, Boss.

PRESENTATION

Pat Daniel - *Enbridge - President, CEO*

So before I make just a few quick concluding remarks, including one of the slides I missed in my introduction this morning, let me just try to elaborate on a couple of questions that were asked during the morning.

And the first related to Walker Ridge, and Walker Ridge is 70% contracted. I think that was a question that was asked earlier, and with that 70% contracting, we achieve a 10% return on equity, ballpark, with no incremental volumes, so that's just a bit of further elaboration.

The next point that I wanted to elaborate on, was with regard to major projects and what we're going to do going forward with a decline in activity. First of all, I'm not prepared to admit there's going to be a decline. Maybe off of the apex, as Al described it, but a very strong organic growth portfolio for this company going forward.

What I'm going to do is run through a list of programs, and go through it so fast you won't be able to write it down, but of those secured and those that are in the hopper being worked on by Enbridge, it gives me the confidence in saying that there won't be a lag at all in the work of the project group.

First of all, on the secured side, and I'm not going to quantify each of these, but it adds up to \$5.2 billion in total. Secured projects, [Kerr Lake], and this is 2012 plus, so these are not the projects between now and 2012, but Kerr Lake, Fort Hills, Enbridge Gas Distribution capital expansion, and Enbridge New Brunswick capital expansion, Walker Ridge, Big Foot and Ontario Solar.

Those projects come to \$5.2 billion. Then, in the 2012 plus capital programs, some of which we hope to win. We're not saying we're going to win all of these. We told you, in total, this adds up to about \$30 billion, so we certainly don't intend to win it all. And these are only the projects that we're working on today. There will be a number that come along that are not yet in the hopper, as is always the case.



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But I'm going to go through this very, very quickly, and again, not give you the individual capital associated with each one. Gateway Condensate Pipeline, Gateway Crude Oil Pipeline, Line 9 East, Eastern Access PAD 2, Southern Access extension, and as you'll know, each one of these are projects that we've presented to you before, and have described in some level of detail. BP Toledo, and then a whole bunch of regional pipelines.

We're not saying we're going to win this business, but these are opportunities that we're evaluating. Suncor's Voyageur, Athabasca expansion, (inaudible) Christina Lake, Husky Sunrise, Pearl Phase II, Wapasu expansion, and Industry (inaudible) pipeline.

We also have tankage projects, included, about \$200 million of tankage projects. On the gas pipe side, Lacrosse, and Rockies Alliance, ultimately. Offshore projects, individual projects under discussion, and again, totaling in the range of \$1 billion. Enbridge gas distribution unregulated opportunities, CO2 sequestration at Genesee, and a CO2 backbone pipeline, and then green energy, wind and solar individual projects that are under discussion.

All of those total approximately \$30 billion, and that, like I say, is without a lot of things that we know will come along. So that's going to more than keep Mr. Monaco busy, if you're worried about him having too much time on his hands.

So that's a quick run-through on a couple of the questions that came up, and what I'd like to do now, is just very quickly conclude with exactly the same slides that I presented at the introduction this morning, starting off by saying that we do feel, as Richard has indicated, there's substantial valuation upside in the stock of Enbridge.

Even though we're pleased to trade with the multiple advantage we do in the rest of the sector in North America, we don't think we're trading at the kind of advantage that we should, relative to most, based on the low risk nature of the business, and the EPS growth that we've got going forward.

The liquids pipeline business, oil sands growth will continue. Again, I think the Alberta Clipper decision, and the way in which the Department of State worded that decision, made us feel very confident that that will continue.

There is significant growth opportunities in the oil sands regional area from Fort McMurray down to Edmonton, I've referred to that before, as our gold mine of opportunities at Enbridge. We've got a very strong competitive position there, and we expect to continue to grow that out. Also, market extensions, whether it's Gateway, whether it's further access to the Gulf, whether it's East Coast Canada, we're very well positioned for all of those.

And each and every one of those will focus on customer net back improvement. So even though we might have excess total pipeline capacity out of western Canada, that doesn't mean to say there won't be net back improvement opportunities in building the projects out.

On the natural gas side, I think you've heard from Steve Letwin today, that we've never had better growth opportunities on the natural gas side. A year ago we told you we had a number of things in the works, but couldn't really specify what they were. Today we're able to put names on many of those projects, so a much higher degree of confidence than we had a year ago.

We've got very strong competitive positioning. Each one of our pipeline assets is very well positioned, and we're improving the risk-return profile, and I think that's what's most notable about the Gulf of Mexico initiatives that we've got underway today.

And this is the slide that I missed earlier today, but on the major project side, we feel that we've got a real core competency that we've developed at Enbridge around major project management, and you'll recall going back a couple of years, at Enbridge Day, the significant challenges that we were facing in managing the huge capital program that we had in front of us, and you saw from Al today, we're coming in under budget and ahead of schedule on a huge capital program, the biggest capital program that any pipeline company has ever undertaken in North America. We're doing it ahead of schedule and under budget.



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And if you wonder why we're winning some of the projects that we are today, it's in large part because we're able to offer up this core competency of project management and we think it's a real competitive strength for the company.

In terms of green energy, we think there are significant low-risk investment opportunities. It fits the investment profile of the company very well, and, as Jim said, we've got an awful lot of opportunity in front of us, and it will be only because we're going to walk before we run, that we don't accelerate that even faster, because the opportunities are definitely out there.

On the finance side, very strong balance sheet, growing free cash flow. The charts that Richard put up, showing that free cash flow growth all pictured in green, it's my favorite chart. You know, Pietro, to answer your question from earlier, and it's not going to be a big problem for us to figure out what to do when we get out there and we're generating \$1.5 billion of free cash flow in the 2012 timeframe.

The opportunities that we've always had in this company, and we know we're going to be able to do adequately reinvest that for our investors, and I think effective capital management and discipline that we use in evaluating projects is critically important.

We're very, very competitive at Enbridge, but we don't get competitive to the point where we chase a project beyond good economic returns. And we're able to do that because of the very well positioned assets that we've got.

So that's a quick run-through on where we are. We do have a few minutes for any wrap-up questions before we adjourn for lunch, so back to you.

Pat Daniel - Enbridge - President, CEO

If you don't have any questions, comments, buy orders? Well thank you all very much again -- oh, we do have one question. Yes, Doug?

Unidentified Audience Member

(inaudible question - microphone inaccessible)

Pat Daniel - Enbridge - President, CEO

About acquisitions. No, you haven't heard that, simply because, with the organic growth story that we've got, and because of the low risk nature of that organic growth, we don't feel we need to supplement our growth with acquisitions. We still do look at everything that's out there, and if we found the right opportunity that would match the growth rate of this company in the right area, then we could do a deal.

It would tend to be smaller, and manageable, and fit in with the longer term strategy, but it's very hard to find an asset base that's got the kind of growth potential that this company does, and organic is so low risk, relatively speaking. You know exactly what you're getting, you've got the contract in place before you start, and that's the way we like to do business.

So with that I think we're adjourned next door for lunch. We thank you all once again for your attendance. If any of you have any follow ups make sure you catch up with any one of the management team over lunch or get in touch with us.

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