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CORPORATE PARTICIPANTS

Adam McKnght *Enbridge Inc - Director of IR*

Al Monaco *Enbridge Inc - President and CEO*

Wanda Opheim *Enbridge Inc - SVP of Finance*

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

CONFERENCE CALL PARTICIPANTS

Linda Ezergailis *TD Securities - Analyst*

Ted Durbin *Goldman Sachs - Analyst*

Paul Lechem *CIBC World Markets - Analyst*

Robert Kwan *RBC Capital Markets - Analyst*

Andrew Kuske *Credit Suisse - Analyst*

Robert Catellier *GMP Securities - Analyst*

David Noseworthy *CIBC World Markets - Analyst*

Sharon Liu *Wells Fargo Securities - Analyst*

Mark Reichmann *Simons - Analyst*

Ross Payne *Wells Fargo Securities - Analyst*

Jeff Healey *Enbridge Inc - Analyst*

Timm Schneider *Evercore ISI - Analyst*

PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to the Enbridge Inc. 2015 guidance conference call. I will now turn the meeting over to Adam McKnight, Director, Investor Relations.

Adam McKnght - *Enbridge Inc - Director of IR*

Thank you, Christine. Good morning. And welcome to Enbridge Inc. 's 2015 guidance and investment community update call. With me this morning are Al Monaco, President and CEO; Richard Bird, Executive Vice President, Corporate Development; Wanda Opheim, Senior Vice President, Finance: Guy Jarvis, President Liquids Pipeline; and Leigh Kelln, Vice President, Investor Relations and Enterprise Risk.

This call is Webcast and I encourage those listening on the phone lines to view the supporting slides which are available on our website. A replay and podcast of the call will be available later today and a transcript will be posted to our website shortly thereafter.

The Q&A format will be the same as always. We'll take questions from the analyst community first, and then invite questions from the media. I would also remind you that Leigh and I will be available after the call for any follow-up questions that you might have.

Before we begin, I'd like to point out that we will refer to forward-looking information in connection with Enbridge and the subject matter of today's call. By its nature, this information contains forecasts, assumptions and expectations about future outcomes, so we remind you it is subject to the risks and uncertainties affecting every business including ours. This slide includes a summary of the significant factors and risks that could affect future outcomes for Enbridge which are also discussed more fully in our public disclosure filings available on both the SEDAR and EDGAR systems.

With that, I'll now turn the call over to Al Monaco.

Al Monaco *- Enbridge Inc - President and CEO*

Good morning, everyone. Today we'll be elaborating on the news release we issued yesterday after market. It's something we're excited about, so thank you for joining us today. I'm going to start with our 2015 earnings per share guidance which is the normal course part of the call at this time of the year for us. I'll then provide the over-arching strategic context and objective of the change we're planning to our financial structure. Then I'll expand on both the Canadian restructuring plan and the revised dividend payout policy which has been approved by our Board.

Wanda Opheim will update related changes to the funding waterfall from what I just talked about and provide more color on the 2015 EPS guidance. By the way, our CFO, John Whelen, is unable to be here today due to illness. I'll come back with some take-aways after Wanda's discussion and then we'll open it up for questions.

By the way, because of what we'll be covering today, we're going to be using a fair number of acronyms. So if at all possible, be good if you could follow along with the slides, if you can.

Turning now to slide 4. We expect our 2015 EPS to be between CAD2.05 to CAD2.35 per share. That's ahead of 2014 growth as we pick up the full-year benefit of new projects coming into service this year and part of the year for those slated to be completed in 2015. The range that we have here excludes the partial-year impact we'd expect from the planned dropdown which I'll come to shortly. The guidance is in line with our expected long-term average annual growth rate of 10% to 12% in EPS, so all in strong growth expected for next year and Wanda will get into more of that later on.

On to slide 5. Before we get to the dropdown, I'd like to provide some broader strategic context. Many of you will recognize this graphic we have here from comments that we made at Enbridge Day.

First, there will be no change to our business strategy and our priorities. We have a strong five-year plan. Earnings and dividend growth are driven by our CAD44 billion record growth capital program that will require a focus on execution and funding and both of those we believe are progressing very well. Our sponsored vehicles are positioned to support the strategic plan and for the Income Fund, we're now articulating a very explicit plan for how it will be involved. And we have a longer term strategy of rebalancing our asset mix through increased investment in natural gas and power infrastructure which our revised financial structure will give us better tools to make that happen over time.

The key point of all this is that the changes we're planning to our financial structure are designed to generate even greater value from our existing business plan. All that said, our first and most important priority as always is the safe and reliable operation of our systems and optimizing the financial structure will also benefit our customers through lower practical infrastructure services costs that we provide. That's even more important, given the volatile oil price environment our industry is facing today.

Slide 6 is a reminder of the value drivers underpinning that strategic plan. The first is the CAD44 billion capital program I just referred to that generates 10% to 12% annual EPS growth through 2018 on average and provides a strong contribution beyond 2018 as well. This growth is very visible with three quarters of the capital outlook being commercially secured. That's the blue part of those bars. And this capital and these projects will deliver strong risk-adjusted returns. Executing this capital program is the priority, so you can think of this as the cake part of the icing and the cake.

On to slide 7. The other main value driver here is that the earnings and cash flow from the program are highly visible because of our reliable business model and conservative financial management. That's backed up by our track record of delivering on what we guide to, both on an annual and long-term basis, as you see in the chart here, and you can also see that dividend growth has nicely tracked EPS growth. So this is part of the cake as well, and that's where most of the value will come from. So we'll continue to ensure we're baking that cake with the right care and attention.

Now let's move on to how we plan to optimize the base plan and this is the icing on the cake. Slide 8 is a high level overview of what our optimization plan involves and what it's intended to accomplish. There are two parts to this and they work in tandem. The first part is a large scale dropdown from Enbridge to Enbridge Income Fund or EIF. EIF is a majority owned by Enbridge and has public ownership as well through Enbridge Income Fund holdings. I'll refer to that later as EIFH.

This concept isn't new to us and it's similar to the dropdowns we've been doing, but it's much bigger because it involves all of our Canadian liquids pipelines assets and some renewable assets as well. I'll come back to provide you a bit more on how this will work.

Now, the second part is a change to our dividend payout policy from 60% to 70% of earnings to a 75% to 85% range, which we are now in good position to do. Together, these two changes generate increased value for both Enbridge and Enbridge Income Fund Holdings in four ways: Accelerated earnings and dividend growth, enhanced competitiveness through a reduced cost of capital, transforming Enbridge Income Fund to a higher growth vehicle, and reinforcing growth beyond 2018. So the goal overall is to enhance the value of our existing plan, both for Enbridge and the Fund.

So let's go through in a bit more detail now on the first part of the optimization. Slide 9 is an overview of the proposed dropdown plan. Basically we're looking at transferring assets with a book value of CAD17 billion, plus another CAD15 billion of associated secured growth capital. In our math, we're assuming an EBITDA multiple in the low- to mid-teens but ultimately the valuation will be considered by a special committee of Enbridge Income Fund and, of course, our own Enbridge Board.

Valuation's a little bit higher than in previous dropdowns but these assets have a lot more built-in growth. That includes the embedded growth from the tilted returns on a good chunk of the secured capital that you saw earlier, which we talked about in the past. So in that range of pricing, the dropdown will be accretive to both Enbridge and EIFH. Part of that comes through Enbridge's 25% incentive distribution right in the Fund.

The plan is to provide a formal offer to EIF in the first quarter of 2015 or thereabouts with a targeted closing by mid-2015. Given the size of the dropdown, Enbridge would take back a significant amount of EIF units as consideration. So we would initially have about a 90% economic interest in the Fund at closing which will be whittled down over time and I'll come back to that as well.

Slide 10 is a simplified picture of our current structure with the Canadian liquids pipelines assets held by Enbridge Pipelines Inc., that is EPI, and Enbridge Pipelines Athabasca, EPA, so now we're fully into the acronyms I referred to earlier. The transaction will involve the tax free dropdown of both EPI and EPA into Enbridge Income Fund. EPI also holds some renewable assets which will also move to Enbridge Income Fund with the liquids pipelines assets. You'll notice EPI also holds Enbridge Energy Partners but that will stay with Enbridge.

So now that we've got those acronyms down, moving to slide 11, it shows how things will look after the dropdown. As you can see, EPI and EPA would be held by Enbridge Income Fund or EIF. Enbridge would directly hold about 88% in EIF or about 90% economic interest, when you include our ownership through our investment in EIFH. Enbridge would still control EIF where the assets would be held and there would be no change to the operations or the strategic development of the business.

I'll go through the assets included now on the next three slides. I'll go you through these quickly, as most people are quite familiar with these.

Slide 12 shows the Canadian mainline assets. The biggest component is the Canadian portion of our mainline Western Canada to US Midwest conduit. That's the largest and most complex crude oil system in the world. By the way, the US portion of the mainline is held through Enbridge Energy Partners, our US MLP.

So this group of assets of CAD10 billion on Enbridge's books with an associated secured growth capital program of CAD9 billion. Slide 13 shows the component of our oil sands regional system. Not as big as the mainline system but still a substantial size, CAD6 billion of assets and an associated secured growth program of another CAD6 billion.

Slide 14 shows the four wind projects that would be included in the transfer, about CAD1 billion of assets. So in summarizing this part, when you add all of this up it represents a transaction of about CAD17 billion in assets and CAD15 billion in secured growth investments, and obviously that's on a book basis or the costs of new projects.

Turning now to slide 15. As I referred to earlier, this planned dropdown differs from the others we've done because of its size and that means it's too big for EIFH to take in one bite. That's due to the relative size of EIFH's public float, even though that's been growing in recent years. So EIFH's investment in the fund will be staged over several years. But the drop will certainly provide it with a massive growth engine.

At this point, we expect EIFH's annual equity raise to be in the range of CAD600 million to CAD800 million. Enbridge will maintain its approximate 20% interest in EIFH as well, so investing another CAD150 million to CAD200 million annually. Importantly, Enbridge will invest in additional equity directly in EIF of about CAD1.5 billion over the next three to four years. So the point is, we'll remain focused on funding of the organic program.

As EIFH continues to invest in EIF, its ownership will rise and Enbridge will decline from about 90% on execution to around 80% by 2018. Relative to our previous ad hoc approach to dropdowns, the beauty about this structure is that Enbridge will have a permanent and effective avenue to release capital beyond 2018 and as we've shown in the past, we expect to have attractive opportunities to deploy that capital.

Now on to slide 16. A very important outcome of this plan is the transformation of EIFH into a high dividend growth vehicle. Here's why that happens. Historically, the payout policy at EIF and EIFH has been managed to provide a smooth 1% growth in distributions. That's how it was originally designed.

In actual fact, the 1% growth has been supplemented in most years by some organic growth in the assets or periodic drops. I think that's generated good value for unit holders but, to be fair, that approach has been less than predictable from an investor's perspective. Going forward, we have a transparent plan, and a large inventory of assets for EIFH to invest a significant amount of capital every year. We expect this will provide dependable growth in dividends for EIFH of about 10% on average for 2015 through 2018. That growth would come about from an increasing investment in the assets but also participation in the upward tilted cash-flow stream from the new assets. So clearly, a great opportunity for EIFH.

Now let's look at this from Enbridge Inc.'s perspective. Slide 17 illustrates one of the big benefits to Enbridge EPS accretion from the drop. The ultimate picture will depend, of course, on the definitive terms of the dropdown, which will have to be agreed to by a committee of EIF directors. Based on our assumptions, we anticipate an uplift in Enbridge EPS of about 10% on an annualized basis in the first full year following execution. The chart here shows the annualized effect in 2015. The accretion grows thereafter at about the same rate as the base 10% to 12% EPS rate, so each subsequent year is uplifted by about the same 10% through to and including 2018.

That's the financial outlook from the drop. Now let's have a look at what changes on how growth is funded going forward. First, I think it's important to note that Enbridge will continue to coordinate the integrated development of the investment opportunities across the entire asset base as we do today. In terms of slide 18, it lays out the types of infrastructure investments that will be funded by each of our sponsored vehicles and those funded by Enbridge.

So the only change you see here in red is the primary source of equity funding for two of the investment opportunity types. For Canadian Liquids Pipelines development, we'll now look to EIFH as the primary source of equity funding in the same way that EEP is the primary source of US liquids funding opportunities. Enbridge will be prepared to continue to fund any part of that which EIFH couldn't raise on favorable terms. This is exactly what we do with our US assets. Enbridge continues to fund gas pipeline development, Canadian midstream, gas distribution and new growth platforms like power and international.

We're on to slide 19 now. Before we get to the second part of the optimization plan, I'll recap the benefits we see from the dropdown part. The most obvious and quantifiable benefit is the higher EPS and dividend per share growth through 2018. The dropdown would also capitalize on EIFH's ability to raise equity as a low-cost source of funding for our organic growth program. That will also provide more flex for a higher dividend payout to Enbridge shareholders and it positions us very well for long-term growth and diversification through continued access to low cost funding.

Moving on now to slide 20 and the second part of our optimization which is the revised dividend payout policy. You'll recognize this slide as the one I covered at Enbridge Day in early October which goes through the four considerations driving dividend payout policy at Enbridge. First and foremost is to ensure the funding of our record organic capital program. Again, this is the cake we wanted to be sure not to jeopardize. You'll see that our new payout policy is tailored to this priority in a minute.

Second, we do have significantly increasing internal free cash flow to support a higher payout as investments come into service and our maintenance and integrity capital tapers off, especially in the later years of the five-year plan and this issue also plays into our payout design. Then there's the progress we've already achieved this year on our equity requirement with only CAD1.9 billion remaining in the four years of the plan that we have left. That funding progress gives us very good flexibility to accommodate a higher payout as well.

Fourth, there's the strengthened position of both the Income Fund and Enbridge Energy Partners, so they now can play a bigger role in terms of contributions to the funding plan. Balancing all of these factors together, we've arrived at a revised policy for dividend payout depicted on the next couple of slides. The first chart shows our prior policy of paying out 60% to 70% of earnings. That policy with our growth profile generated expected EPS growth of 10% to 12%, essentially tracking earnings per share growth. We've intentionally been running at the top of this range to be responsive to the market's preference for yield while at the same time ensuring that we're protecting the funding of the growth program.

The next slide overlays our revised dividend payout policy of 75% to 85% of earnings. We expect to target the lower end of that range initially. That reflects the heaviest growth capital spend years of the plan and before free cash flow hits its full stride. As we move toward the later years of growth plan, we expect to move the payout rate up toward the top end of the range.

So slide 22 brings the two parts of our financial optimization plan together in terms of the resulting expected dividend growth rate. The first step is the 33% increase for 2015 which we just announced. Following that we expect a 14% to 16% average annual growth rate in the dividend from 2015 to 2018. If you look at this growth relative to our 2013 base year, in fact, our annual EPS CAGR approximates 18%.

Now I'm going to pass the call over to Wanda who will provide an updated funding plan for the items we just went through as well as some additional color on 2015 guidance. Wanda?

Wanda Opheim - *Enbridge Inc - SVP of Finance*

Thank you, Al. So I'll pick up at slide 23 which summarizes the impact of the financial optimization on our funding plan, using the same format we've been using, but today we are introducing a second column to contrast the revised plan with the base plan. The base plan is essentially unchanged from the update provided on the third quarter call, except for a small adjustment to the secured and risked growth capital numbers to reflect our recently announced investment in two wind farms and we have now closed the debt offering by the Fund in connection with the 2014 dropdown transaction, knocking another CAD600 million off the remaining debt requirement.

In the past we've presented this plan on a basis which focuses just on Enbridge. We've excluded the sponsored investment. But for purposes of the revised plan, we've included the Fund's figures to maintain comparability and because we'll be maintaining flexibility to adjust the split of the funding between Enbridge and the Fund. So it is a combined funding plan with flexibility to optimize funding across the two entities as we go.

If you look at the top box, you'll see that there's little change down to the subtotal level, just a slight increase to each type of capital as a result of including the capital plan for the Fund's legacy assets. Cash flow, net of dividends, is lower than in the base plan because of the higher dividend payout associated with the financial optimization. The result is a net CAD2.2 billion increase in our net external funding requirement for 2014 to 2018. The debt plan on the left side remains unchanged. So the full CAD2.2 billion translates into an increase in the gross equity requirement.

Because of the higher dividend payout, you might expect to see the DRIP contribution increase as we go from the base plan to the revised plan. However, we actually are planning to begin to curtail the DRIP in the later years of the revised plan given the expected access to lower cost of funding through the fund. The bottom part of the equity box sets out how the remaining CAD4.5 billion of net equity requirement is expected to be met with CAD3 billion to be raised by Enbridge Income Fund Holdings and CAD1.5 billion by Enbridge itself, though bearing in mind we will stay flexible on this split. The CAD1.5 billion to be raised by Enbridge is very manageable and is expected do be accommodated through additional preferred share issuances over the next four years.

I'll move in a minute to the 2015 guidance, but first just a reminder of the 2014 outlook which is the starting point for 2015. The outlook is unchanged from that which we discussed on the third quarter call. We are expecting to be solidly within the CAD1.84 to CAD2.04 per share guidance range, with a couple of headwinds being partially offset by the one tailwind. As we move to our 2015 guidance on slide 25, the individual segment variances are depicted relative to this 2014 picture. So this slide indicates where the lift in earnings is expected to come from in 2015.

The biggest contributor should be liquids pipelines, in contrast to 2014 when it provided only a modest lift. The big lift expected for 2015 is even after the fact that most of the roughly CAD50 million of annual earnings from Southern Lights will flow through the fund in 2015, rather than through liquid pipelines, as a result of the 2014 dropdown. Making up for the absence of Southern Lights and driving the lift for 2015 is the combination of the mainline Flanagan South and Seaway. I refer to their combined impact because the three are intertwined in our Gulf Coast access program which is now fully completed.

We expect to see a continued increase in mainline volumes as we benefit from the elimination of operational limitations and the completion of the second phase of the Alberta Clipper expansion. These additional volumes will generate incremental mainline revenue but will also feed into the contractual obligations on Flanagan South and Seaway. The mainline will also benefit from the startup of Line 9B in reversed and expanded mode. In addition, the mainline will benefit from a higher Canadian portion of the international joint toll and from surcharges associated with various projects coming into service.

The regional oil sands system will not be a growth driver for 2015 with increased revenue from new assets offset by one expiring short-term contract which has not yet been extended or replaced. Gas distribution is back to making a modest contribution to growth in 2015 after a flat year in 2014. This reflects rate-based growth and incentive earnings under the new customized incentive regulatory framework, plus improved performance at gas New Brunswick.

Gas pipelines, processing and energy services is expected to be flat relative to 2014, but this is a bit misleading with about CAD50 million of Alliance US income having been transferred to the Fund. Offsetting the absence of Alliance US is an increased contribution from Canadian midstream assets related to the tilted return commercial structure and higher green energy earnings due to an increased asset base. Sponsored investments has been our biggest growth driver in 2014 and should be a big contributor again in 2015. This is partly a result of various phases of the US Eastern access expansions and mainline expansions which are in service for all of 2015. It is also a result of the transfer of the Alliance US and Southern Lights interests to the Fund.

Lastly, is corporate, which is expected to be relatively flat year-over-year. Additional external funding costs, including preferred share dividends, should be roughly offset by additional allocation of these expenses to the business units. These next two slides provide details on the projects and growth capital that will build on the earnings growth momentum next year and into 2016.

This slide captures the CAD8 billion worth of projects that we're expecting to bring into service in 2015. I won't go through the entire list. But as you can see, the projects are spread across a number of areas including liquids pipelines, gas pipelines, gas distribution, and power generation. Within liquids pipelines, we're excited to be closing out several of our major market access initiatives, which will provide our shippers with the much needed capacity and greater flexibility. In total, our market access program will open up 1.7 million barrels per day of incremental market access capacity.

Slide 27 provides further details around our expectations on 2015 capital in service by quarter to help you get a better feel for when these assets are expected to contribute to earnings and cash flow.

With that, I will turn it back to Al for some closing remarks.

Al Monaco - *Enbridge Inc - President and CEO*

Okay. Thanks, Wanda. I'll close off then with some high level take-aways.

Slide 28 illustrates our EPS growth outlook, assuming the dropdown proceeds as we've laid out here today. The plan would further support our industry-leading growth rate with a 10% uplift in the entire profile for 2015 through 2018. Now, we haven't modeled the structure beyond that but in concept, we would continue to capitalize on the low cost funding through EIFH.

As always, the goal would be to enhance our competitiveness in securing new organic acquisition opportunities, thereby supplementing our growth beyond 2018. So you can see that what we're doing is adding one more arrow in the quiver that will extend our industry-leading growth well beyond 2018.

Slide 29 now, previous to our announcement we expected 10% to 12% dividend per share CAGR. You see here in the blue area. The new [DPS] growth picture is even stronger; an initial 33% boost for 2015 and 14% to 16% in the years following through 2018. The new dividend picture reflects the underlying strength of our assets and growth profile. Post 2018, the drop structure will position us well to deliver continued growth.

Turning now to the last slide on 30. To summarize all of this today, this financial structure and strategy optimization should provide a number of benefits over and above our already very strong base strategic plan. Most obvious is that we'll be nicely accretive to EPS and dividend per share growth through 2018 with a significant initial dividend increase and higher future growth in the dividends through 2018. Importantly, we're transforming Enbridge Income Fund to a high growth vehicle which will further improve its cost of funding and enhance the value of our CAD44 billion growth capital program.

Our strategies, approach to the business, and our priorities will remain exactly as they are today. But the optimization should enhance our ability to compete for new organic and asset acquisition opportunities. Finally, the new structure will position us very well to support further investment and growth in all of our businesses beyond 2018.

So with that, we'll turn it over to the operator to open up the Q&A session.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Our first question comes from Linda Ezergailis from TD Securities. Please go ahead.

Linda Ezergailis - *TD Securities - Analyst*

Thank you. I have some questions about the associated EBITDA and maintenance capital and cash taxes on your CAD17 billion of identified Canadian assets as well as the CAD15 billion of growth CapEx? If you can help us out with that, that would be very helpful.

Al Monaco - *Enbridge Inc - President and CEO*

Linda, I don't think we're going to go through the details here on the call. I think the number that we can provide now related to the assets we're dropping down is in the order of CAD2 billion. So obviously we'll be working through the rest of the numbers as we evaluate the transaction with the Enbridge Income Fund. So that's where we are at the moment on that.

Linda Ezergailis - *TD Securities - Analyst*

Sorry, EBITDA of CAD2 billion?

Al Monaco - *Enbridge Inc - President and CEO*

Yes.

Linda Ezergailis - *TD Securities - Analyst*

And maintenance capital?

Al Monaco - *Enbridge Inc - President and CEO*

I'm sorry, we don't have the associated maintenance capital right now. But I guess maybe -- unless, Wanda, you have that figure with you? So we will have to get back on that. We don't have that detail at the moment.

Linda Ezergailis - *TD Securities - Analyst*

Okay. Can we also get at some point some sense of cash taxes especially at the Enbridge Income Fund and Enbridge Income Fund Holdings level? That has been sometimes quite volatile year to year, so some guidance over the next number of years would be helpful as well.

Al Monaco - *Enbridge Inc - President and CEO*

We will plan to do that as we move forward with the transaction.

Linda Ezergailis - *TD Securities - Analyst*

Just a cleanup question. Can you just confirm that there's going to be no delta to the incentive split for Enbridge from either Enbridge Income Fund or EEP at any point?

Al Monaco - *Enbridge Inc - President and CEO*

We can confirm that. There's no change anticipated there.

Linda Ezergailis - *TD Securities - Analyst*

Okay. Great. Thank you.

Al Monaco - *Enbridge Inc - President and CEO*

Okay, Linda.

Operator

Thank you. Our next question comes from Ted Durbin from Goldman Sachs. Please go ahead.

Ted Durbin - *Goldman Sachs - Analyst*

Thanks. I'm wondering where we've taken the payout ratio now, as you think about additional dropdowns potentially to EEP and what not, where could that payout ratio ultimately go if you are successful with that step of the restructuring?

Al Monaco - *Enbridge Inc - President and CEO*

I think as we've discussed there, Ted, the payout ratio's been designed specifically to account for the capital profile that we have and the growth capital as we talked about earlier. So we're moving from 75% -- we'll have a range of 75% to 85%, and the payout itself will match that over time, moving from the lower end of that to the higher end through the next few years. So at this point that's the policy that we've come to and that's what we expect for at least the next three to four years.

Ted Durbin - *Goldman Sachs - Analyst*

Okay.

Al Monaco - *Enbridge Inc - President and CEO*

Obviously, with -- sorry to just to add on there. Obviously with the cash flow that we have and our ability to access additional funding through EIFH, that could change. But at this point that's the policy.

Ted Durbin - *Goldman Sachs - Analyst*

Got it. And then again as you think about EEP, the 13 to 15 times multiple on the dropdowns that you're talking about today, does that seem like the appropriate multiple to EEP or how do you think through the accretion dilution for them?

Al Monaco - *Enbridge Inc - President and CEO*

As you know, that multiple will depend on a number of things. For EEP, importantly, it's been a bit of different situation there, the valuation and its currency hasn't been as strong for a number of reasons. So really the multiple that we think of in terms of EEP will just be dependent on the growth outlook, the ability for EEP to pay a sufficient price to Enbridge for the assets. So that will be determined as we move forward.

Ted Durbin - *Goldman Sachs - Analyst*

Got it. Realizing I'm asking questions that are beyond even what you've announced, but as you think further along in terms of restructuring, how do you think about the gas distribution business? It certainly does consume ENB capital over time. Is that considered still core to what you do?

Al Monaco - *Enbridge Inc - President and CEO*

For sure, Ted. We look at the gas utility as a very strong business, good growth, risk adjusted returns are very strong and, yes, I would say it's certainly part of our future.

Ted Durbin - *Goldman Sachs - Analyst*

If I could squeeze in one last one. Is there any signaling we should see here with the higher dividend payout that you're seeing less on the organic growth opportunities, maybe in the out years of the plan or as you look with the lower commodity price environment? Is that something that we're implicitly signaling with this or is that still expected to be where it's been?

Al Monaco - *Enbridge Inc - President and CEO*

No, I would say it's actually the opposite, Ted. We're very encouraged by what we see in terms of organic opportunities. More generally, the opportunity set in North America is very strong for energy infrastructure. We don't see that abating anytime soon at all.

With respect to the dividend payout itself, as we've said, we've been pretty conservative in our approach. We've been wading through the last couple years to ensure that we've got a lot of the funding locked down. I think we've been very successful raising about CAD16 billion in the last couple years to ensure the funding of the capital program. We've made very good progress. The cash flow, free cash flow is expected to increase in the next three to four years as we had explained. So we think this is the right time to increase the dividend payout. So I would say it's not driven by our organic growth outlook at all.

Ted Durbin - *Goldman Sachs - Analyst*

Okay. I'll leave it at that. Thank you very much.

Al Monaco - *Enbridge Inc - President and CEO*

Okay, Ted. Thanks.

Operator

Thank you. Our next question comes from Paul Lechem from CIBC. Please go ahead.

Paul Lechem - *CIBC World Markets - Analyst*

I was just wondering if the credit rating agencies have had a view of this and whether there's a recent change. I think, from one of the rating agencies placing Enbridge on a negative outlook, whether that was in contemplation of this transaction or if they were unaware of what you're suggesting.

Al Monaco - *Enbridge Inc - President and CEO*

Wanda?

Wanda Opheim - *Enbridge Inc - SVP of Finance*

Yes, we did review this transaction with the rating agencies, so they are aware of it. They have all -- they are all in the process of putting out reports this morning. S&P had applied a negative outlook to Enbridge in advance, in advance of this transaction, and the reports this morning we are seeing Moody's has put out a report and DBRS and they are both -- have put Enbridge on a negative outlook or are looking at under developing -- under a developing outlook.

It should be noted that for Enbridge Income Fund, this is a very positive transaction, so we should see a rating. And for Enbridge there are steps we are taking to manage the transaction for our debtholders with the debt exchange that we mentioned in the press release that we are contemplating.

Al Monaco - *Enbridge Inc - President and CEO*

I think maybe I'll just add on another comment to what Wanda said. We don't believe there's going to be a reduction in credit strength here to Enbridge. In fact, if you look at it from an Enbridge, Inc. debtholder perspective, they're going to still have access to the diversified cash flows of this business, the offering that we'll make in terms of exchanging potentially into EIF debt will be helpful, we believe. And the bottom line is that from a consolidated point of view, the leverage here doesn't change. So we think we're going to maintain our financial strength overall.

Paul Lechem - *CIBC World Markets - Analyst*

Okay. Thanks. If I can have one more question. Just wondering around the tilted returns and the volume benefits on the mainline from the CTS agreement over time, how should we think about the CAD2 billion EBITDA number that you mentioned on the assets being dropped down? What does that grow to under your calculations over time from the tilted returns and the volume benefits on the mainline? And does dropping these assets down impact Enbridge's growth in the out years in that you won't be getting the direct benefits anymore from those tilted returns and volume growth?

Al Monaco - *Enbridge Inc - President and CEO*

I'll start and then I'll hand it to Richard for any further information. First of all, Enbridge will continue to participate in the growth of the assets and in particular the tilted returns through its investment in EIF. So that's not going to change. It's going to be held a little bit differently. There will also be some elements we're sure that when we get through the details of the discussions with the Enbridge Income Fund's special committee that will be reflected in the terms of the dropdown. That will allow us to ensure we're capturing the right amount of growth for Enbridge Inc. Those are my comments on that. Richard, do you have anything to add?

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

I think that pretty well covers it. Of course, the incentive mechanism that's built into the Income Fund structure provides the tool for appropriately capturing the benefits of those tilted returns as we move further into the future. But the details of that transaction will come out of the negotiations with the special committee over the course of the early part of next year. So that's about all we have for now.

Paul Lechem - *CIBC World Markets - Analyst*

Thank you very much.

Operator

Thank you. Our next question comes from Robert Kwan from RBC Capital Markets. Please go ahead.

Robert Kwan - *RBC Capital Markets - Analyst*

Good morning. Al, you might have answered this in some way just by saying you think the financial strength and the credit quality hasn't changed. But I'm just wondering, are you going to explicitly managing to a specific credit rating at the ENB level? And I guess, specifically, the plan to fund the, quote, unquote, equity at CAD1.5 billion via preferred. And I assume that's CAD3billion, then, of notional value. Does that potentially move around, depending how the rating agencies fall? I guess you've got the wiggle room here with almost CAD.5 billion of the DRIP that Wanda mentioned you expect to curtail?

Al Monaco - *Enbridge Inc - President and CEO*

Well, let me see. On the first part as to managing to a credit rating, first of all, as we said, we don't really see any reduction in the credit strength of our entities. In fact, as Wanda pointed out, in terms of the Income Fund, it strengthens further, I would say. We're going to have to wait and see what the rating agencies say. Certainly they're going to be looking at this transaction and we'll just wait for what they say. In terms of the preferred equity, Wanda, do you have a comment on that?

Wanda Opheim - *Enbridge Inc - SVP of Finance*

Yes, Robert. You're correct, that's what it would translate into under the criteria into CAD3 billion, and we'll look at our options on preferred shares through the period, as well as other hybrid instruments that we could consider. And as Al mentioned, we will continue to work with the agencies. That's what we're planning to do over the next period, as we provide them with more information and they can get more comfortable with what this transaction means, because as Al indicated, we do feel that credit strength of the Company has been maintained and we are not introducing any incremental leverage.

Robert Kwan - *RBC Capital Markets - Analyst*

I guess maybe just putting it differently, if the market for both your bonds and preferreds kind of takes your view that the credit strength hasn't changed and, therefore, the pricing doesn't materially change, are you then really that fussed if the rating agencies go to, say, Triple B, BAA-2? Are you really going to take the cue from the market, I guess is the question.

Wanda Opheim - *Enbridge Inc - SVP of Finance*

Yes; yes.

Robert Kwan - *RBC Capital Markets - Analyst*

Okay. One last -- thanks, Wanda. One last question. How sensitive is the EPS accretion and your funding plan and the future EPS growth to the share price/valuation of Enbridge Income Fund as it tries to fill that CAD600 million to CAD800 million equity gap?

Al Monaco - *Enbridge Inc - President and CEO*

Well, the whole premise here, of course, is that we're capturing the value of Enbridge Income Fund's ability to raise capital at effective prices. So obviously the arbitrage between the two needs to be maintained in order to be effective.

We referenced earlier there's a number of factors that go into that, including the IDR mechanism that Enbridge retains and there's an element of growth there. So we can't get specific as to what the sensitivities are per each change in Enbridge Income Fund dollar value, share price, but suffice to say that this does depend on the efficiency of capturing that valuation arbitrage between the two.

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

Maybe I could just add into that in the math that's run out here in terms of the guidance on the impact of the transaction, we obviously have assumed some enhancement in the value of the fund. It would be difficult to imagine the Fund not picking up some value as a result of this dropdown transaction. But pretty conservative view of that value enhancement's what's baked into the numbers at the moment, certainly relative to what we and our financial advisors think could be the outcome. So I think it's pretty solid the way it's been portrayed here.

Robert Kwan - *RBC Capital Markets - Analyst*

That's great. Thank you very much.

Al Monaco - *Enbridge Inc - President and CEO*

Okay, Robert. Thank you.

Operator

Thank you. Our next question comes from Andrew Kuske from Credit Suisse. Please go ahead.

Andrew Kuske - *Credit Suisse - Analyst*

Thank you. Good morning. Maybe we can continue with the cake analogy and just on the icing. And so the structure that you proposed last night and stock market reaction this morning is obviously very positive. But, I guess, do you think about this as the genesis of this is really the valuation delta you see in the market? And then I guess the cake analogy comes in with this is obviously pretty painstaking what you've done, but the flavor might not be for everybody. Is this along the lines of like an icing fondant versus more popular butter cream kind of icing that you used to be?

Al Monaco - *Enbridge Inc - President and CEO*

Well, I don't even know what those mean. But I'll try and answer your question. As I said, the way we're looking at this is we have a very strong base plan previous this change in payout policy and previous to the dropdown announcement. But the reality is that in order for us to be competitive, we need to be ensuring that our valuation is maximized. So we're looking to the icing here to whatever kind of icing you want to describe it as, as really boosting or maximizing the value of what is already a very good plan. And it's our job to do that and we think that this structure and combination with the dividend payout will hopefully be reflected in the marketplace as we think it will.

Andrew Kuske - *Credit Suisse - Analyst*

So I guess just to follow up -- sorry.

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

It's Richard. Maybe I'll just add to that cake and icing part of the discussion. So the cake, I think management has always felt is a very strong cake and one of the frustrations, perhaps, that might have been apparent in some perspectives we've provided in the past including Enbridge Days, is we've never really felt the market was fully capturing the value of that cake in the market valuation.

So the way we look at it this overall approach, both enhances the underlying value by reducing the cost of funding it and we're always trying to maximize that spread between the return on the assets and the cost of funding the assets. But hopefully also gives rise to a little better recognition in the market of how good the cake always has been.

Andrew Kuske - *Credit Suisse - Analyst*

Okay. That's very helpful. And then with the future proposed structure, do you foresee a potential for some kind of holding company discount to be applied on an Enbridge level as the ownership levels of the underlying, especially ENF will be quite high? That's something you really haven't had to deal with or address before. Even though the ownership levels were high, the overall asset value relative to Enbridge Inc. wasn't tremendous. Now that equation's changing a bit. Do you foresee that kind of problem happening in the future?

Al Monaco - *Enbridge Inc - President and CEO*

Andrew, it's Al. The short answer is no, and that's for a couple of reasons. The first reason is that when we look at the fundamental value of the cash flows, and this is where Richard was going, we actually see a discount already in the marketplace. And part of what we're trying to do here is close that gap. I would say that, secondly, when you think of holding company discounts in the traditional sense, they're usually in cases where the vehicles beneath the holding company are different types of businesses, different types of industries, and in our case we have a very homogenous asset grouping. It's either liquids pipelines or gas pipelines or something awfully, awfully similar. So, no, we don't see that as a problem and hopefully the discount that we're seeing today will be closed up.

Andrew Kuske - *Credit Suisse - Analyst*

Okay. That's very helpful. Thank you.

Al Monaco - *Enbridge Inc - President and CEO*

Okay.

Operator

Thank you. Our next question comes from Robert Catellier from GMP Securities. Please go ahead.

Robert Catellier - *GMP Securities - Analyst*

Hi. Good morning. I was wondering if you could discuss how this restructuring really affects your capital deployment criteria? Notwithstanding, if we ignore for a minute the reaction in the share price, but how you approach evaluating your acquisition criteria. And related to that, is there any increased capacity to make acquisitions at the Enbridge Inc. level, understanding that, of course, you're going to look at your acquisition and leverage metrics on a consolidated basis?

Al Monaco - *Enbridge Inc - President and CEO*

Okay. That's a good question, Rob. Well, first of all, as to how we evaluate investments, frankly, I don't think that's going to change. I mean, at the end of the day, there's all kinds of metrics that we use out there, but we have always looked at future cash flows and the appropriate discount rate to apply to those cash flows as our main criteria. And we're very careful about ensuring that we apply the right discount rate through identifying risks and making sure we can mitigate those risks.

So typically we've tried to ensure that we have a very good spread between what we see as a return on the project versus what we think the true cost of equity capital is for that particular asset that we're looking at. So I would say it doesn't really change our overall point of view on how we evaluate investments from what we've done here. Obviously, of course, with an improved valuation which we're hoping to get, that will help to reduce our overall cost of capital. So there certainly is that upside.

With respect to acquisitions, I think you're right. Improved valuation will certainly help that. But as I said earlier on, the basic approach and strategies to the business is not going to change. So we may have a better currency, we hope, and that will certainly give us more opportunity to affect some of the things we've been talking about around increasing the footprint and potentially more natural gas opportunities. But that will remain to be seen, based on the quality of what we see out there.

Robert Catellier - *GMP Securities - Analyst*

Okay. I understand where you're going with that. But I wondered if, though, in your strategy and if your advisors have indicated there's an increased capacity, notwithstanding you may have a better currency, you actually have more capacity to go out at the Enbridge Inc. level and maybe make strategic investments. And similar to that, in the past you've been reluctant, I guess, to dilute the growth rate of the Company through strategic investments that maybe aren't as accretive in the short term. And with your higher dividend and EPS growth rate now under the structure, does your appetite undertake maybe a growth dilutive acquisition or investment change?

Al Monaco - *Enbridge Inc - President and CEO*

Okay. So the first part of your question around capacity, I think there will be more capacity. If you look at the Enbridge Income Fund and potentially even Enbridge Energy Partners down the road, the fact that they can raise capital effectively will certainly provide us more flexibility going forward as they will be funding a good portion of the growth that we've been talking about here.

On the second part, vis-a-vis strategic investments, I think you said we may have been reluctant. I'm not sure I would put it in those terms. In our case, we've had such a fantastic organic program in front of us, that's what we've focused on. We have made strategic investments. Seaway was a good one and we capitalized on that one very quickly when we saw the opportunity.

I wouldn't say we're hesitant. I think I would still categorize what we'll do in the future as still a very disciplined approach. As I said, we maybe have a bit more flex with an improved valuation and -- but as I said, we'll have to see what opportunities arise and whether or not we want to use that currency.

Robert Catellier - *GMP Securities - Analyst*

Okay. Thank you. That answers it for me.

Al Monaco - *Enbridge Inc - President and CEO*

Okay. Thanks.

Operator

Thank you. Our next question comes from David Noseworthy from CIBC. Please go ahead.

David Noseworthy - *CIBC World Markets - Analyst*

Just a couple of cleanup questions. First, on the CAD2 billion EBITDA, is that a 2015 number? Or what is that?

Al Monaco - *Enbridge Inc - President and CEO*

Yes, it's 2015.

David Noseworthy - *CIBC World Markets - Analyst*

Perfect. Thank you. And then, secondly, with respect to the -- I'll call it the IDR with EIF, is that going to remain flat at the 25% or are you contemplating something else?

Al Monaco - *Enbridge Inc - President and CEO*

We're not contemplating any change there, David.

David Noseworthy - *CIBC World Markets - Analyst*

Perfect. Finally, in terms of the plan, what is the percentage debt to total capital funding expected to be used by EIF?

Al Monaco - *Enbridge Inc - President and CEO*

Could you clarify or repeat that last part? I didn't quite catch it.

David Noseworthy - *CIBC World Markets - Analyst*

Just in terms of the acquisition of the assets that are getting dropped down to EIF, what percentage debts are you anticipating to deploy to finance that?

Al Monaco - *Enbridge Inc - President and CEO*

Go ahead, Wanda, if you want to answer that.

Wanda Opheim - *Enbridge Inc - SVP of Finance*

The transaction itself, there will be a large component of equity issued by the Fund as consideration for the transaction. And the debt component that would be assumed within the dropdown matches generally the capital structure that we've employed on the carrying value of the assets. So in this case, it would be around 60% leverage applied to the book value. So we're not introducing any incremental leverage in financing these transactions within the Fund.

David Noseworthy - *CIBC World Markets - Analyst*

That's perfect. Okay. Thank you very much. Those are my questions.

Al Monaco - *Enbridge Inc - President and CEO*

Okay, David, thanks.

Operator

Thank you. Our next question comes from Sharon Lui from Wells Fargo. Please go ahead.

Sharon Liu - *Wells Fargo Securities - Analyst*

Hi. Good morning. Regarding, I guess, the potential dropdown of the US assets, is the goal to also transform EEP to a high growth entity and perhaps like a double-digit type of distribution growth target?

Al Monaco - *Enbridge Inc - President and CEO*

That certainly would be something that we would like to do. At this point in time, as we said earlier, we're still evaluating that opportunity. There's certainly conceptually many of the same things that drove us to this outcome could be in place for Enbridge Energy Partners. As you know, Enbridge Energy Partners' currency has not been as strong. Its access to capital hasn't been as robust as our Enbridge Income Fund.

And obviously ultimately what happens with Enbridge Energy Partners and potential dropdown there will also depend on the profile of the cash flows that would be dropped down. So there's a number of things in play. That's why we're evaluating this over the next two to three months and we'll come to a conclusion on that by that time.

Sharon Liu - *Wells Fargo Securities - Analyst*

Okay. And, I guess, has there been any thought in terms of perhaps dropping down the gas midstream assets to MEP at some point in time?

Al Monaco - *Enbridge Inc - President and CEO*

Well, actually MEP, as you know, has its own set of assets and it's working through its own growth plans within its franchise. There's nothing that we're contemplating to be dropping down from Enbridge Inc. Certainly from a geographic perspective, the midstream assets that we have in Canada wouldn't fit with that. Other than that, there are no plans to do any dropdowns from Enbridge with respect to gas assets.

Sharon Liu - *Wells Fargo Securities - Analyst*

Okay. And if, I guess, you do proceed with dropping down the liquids assets to EEP, do you envision a same type of time frame like a three-year period with ENB providing additional support via taking back, I guess, some units?

Al Monaco - *Enbridge Inc - President and CEO*

Yes, yes, well, if we get to that point, I think that's generally right. In fact, in many ways that's what we're doing today in that Enbridge is participating in the asset growth in the US assets. So I'd say conceptually you're right. Ultimately the pace of that will depend on EEP's ability to access capital in the marketplace in size. And so that's pretty much the same criteria that we would apply to the transaction that we're talking about here.

Sharon Liu - *Wells Fargo Securities - Analyst*

Okay. Great. Thank you.

Operator

Thank you. Our next question comes from Mark Reichmann from [Simons]. Please go ahead.

Mark Reichmann - *Simons - Analyst*

Good morning. Much appreciate the comprehensive presentation. Just to follow on Sharon's question. I'd like to leave it a little more open ended and just have you comment on the potential parallel US restructuring plan. Maybe if you could describe the assets being contemplated, maybe make a comment on the cash flow profile which would tie back to their development status.

And then any comments you'd like to make on potential, how you're thinking about the terms, timing and sequence, will it be an asset by asset or are you thinking more in terms of EEP's ability to finance a certain amount of asset purchases?

Al Monaco - *Enbridge Inc - President and CEO*

Well, yes, that last part you just mentioned is critical. But maybe let me step back a little bit here. As we've said in our announcement, we are contemplating and evaluating the same type of transaction that we are talking about here today. Generally speaking, the assets that we're talking about in size will be a little bit smaller, although still very large.

We've said in the past that the dropdown assets that could be applied in the US case would be in the range of CAD10 billion to CAD12 billion. Those assets would be certainly attractive from an MLP point of view. Some of them include, for example, the Seaway Pipeline, the Seaway Twin, Flanagan South, Spearhead, these are all very strong -- fundamentally strong, cash-flow driven assets. So I would say there's a similar opportunity here but as I said earlier, we're still in the stage of evaluating whether or not that could work. And part of it is, as I said earlier, and you pointed out, EEP's capability to raise funding and do it at a price that could be attractive both for EEP and Enbridge in terms of dropping down those assets.

Mark Reichmann - *Simons - Analyst*

That's helpful. Thank you very much.

Al Monaco - *Enbridge Inc - President and CEO*

Okay.

Operator

Thank you. Our next question comes from Ross Payne from Wells Fargo. Please go ahead.

Ross Payne - *Wells Fargo Securities - Analyst*

How you doing, guys?

Al Monaco - *Enbridge Inc - President and CEO*

Good.

Ross Payne - *Wells Fargo Securities - Analyst*

Most of my questions have been answered. Can you talk a little bit more about this exchange in debt that you're talking about, just I might have missed that a little bit earlier. Thanks.

Al Monaco - *Enbridge Inc - President and CEO*

Wanda will answer that.

Wanda Opheim - *Enbridge Inc - SVP of Finance*

Yes, on the debt exchange that we outlined as a potential item that we would be considering, that's something we'll have to work through the details over the next few months on how we would undertake that. But it's something that we would be trying to do to transfer a component of the debt if bond holders are interested in an option to move from Enbridge Inc. where their debt is currently to Enbridge Income Fund, where the liquids assets would be transferred and a component of the debt at Enbridge would have been financing those assets, particularly in Enbridge Pipelines Athabasca.

Al Monaco - *Enbridge Inc - President and CEO*

Just to add a point to Wanda's comment about the option. I think it's important here that basically the tradeoff that would be made is that currently a debt holder at Enbridge Inc. would have certainly a diversified set of cash flows coming, including cash flows from Income Fund itself, but obviously if there's a preference to have a portion of that move down so that they're closer to the assets, that's what we're talking about here basically.

Ross Payne - *Wells Fargo Securities - Analyst*

Very good. Thank you.

Al Monaco - *Enbridge Inc - President and CEO*

Okay.

Operator

Thank you. Our next question comes from Linda Ezergailis from TD Securities. Please go ahead.

Linda Ezergailis - *TD Securities - Analyst*

I wonder if you could clarify, I think it was Paul Lechem's question about tilted returns and growth, you mentioned something about special terms capturing the right amount of growth for Enbridge. Are you contemplating some kind of a financial transaction, like you did with Southern Lights, where there's a defined cash flow stream that's dropped into Enbridge Income Fund or maybe there's some sort of -- sorry, Enbridge Income Fund Holdings gets a defined cash-flow stream and maybe there's a separate class of shares at the Income Fund level for Enbridge Inc? Maybe you could just walk us through the parameters of how you might, at the Enbridge Inc., retain certain growth elements?

Al Monaco - *Enbridge Inc - President and CEO*

Richard?

THOMSON REUTERS

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

Sure. Linda, I think the main tool there is the incentive distribution right and it's probably premature at this point to get into some of the details that you've suggested. But those are all obviously all transactional details or features that could be considered in the discussions between Enbridge and the special committee of the Enbridge Income Fund. So I just think it's too soon to get into those details at this point.

Linda Ezergailis - *TD Securities - Analyst*

Just as a follow-up, can you confirm that there's no specific direct tax benefit contemplated for any -- any of the entity levels at this point?

Al Monaco - *Enbridge Inc - President and CEO*

There's nothing major in any of the entities. This will be transacted as tax-free rollovers. So there's really no major tax items. Do you have anything to add, Wanda, to that?

Wanda Opheim - *Enbridge Inc - SVP of Finance*

No, Al, I don't have anything to add. That's absolutely correct.

Al Monaco - *Enbridge Inc - President and CEO*

Thanks, Linda.

Operator

Thank you. Our next question comes from Jeff [Healey] from AIG. Please go ahead.

Jeff Healey - *Enbridge Inc - Analyst*

Good morning, gentlemen, and Wanda. I guess from a US bondholder perspective, this tastes like something, and the cake probably isn't it. Follow up on Ross' call. What are your intentions regarding the US dollar Enbridge Inc. bonds? Looks to be kind of unfair, that Canadian holders are being allowed to move down closer to the assets and the holding company down in the US is just basically being left to swing.

Wanda Opheim - *Enbridge Inc - SVP of Finance*

In terms of the US debt at Enbridge Inc., we still have all the US assets within the structure. We still have strong credit support within Enbridge that's supporting those assets. And we're going to still have strong cash flow from Enbridge Income Fund, even after the completion of this transaction. I think as the year progresses and we're looking at the US transaction, we'll be considering other things in terms of debt holdings at the Enbridge Inc. level that may include the US bonds as we think about our US restructuring as we work through those items, if that transaction progresses.

Jeff Healey - *Enbridge Inc - Analyst*

Okay. That sounds a little bit more fair. Particularly I guess just looking at your slide 20 -- sorry, your slide 30, you highlight the enhanced and diversified access of CAD44billion in growth capital. I go back to slide 23 and I see your equity requirement goes from CAD1.9 billion to CAD1.5 billion, yet the debt holding -- the debt requirement is still at CAD15 billion. So I guess that's where I get a sense, your bonds are [20 to 40] wider on the day. I think you need to kind of do right by bondholders somewhere along the way here, because your leverage is definitely going up and you've got a lot of issuance to go. That's a rough way to start the road.

Wanda Opheim - *Enbridge Inc - SVP of Finance*

In the end, our leverage from this transaction will not be going up on a consolidated basis and if we actually -- when we look at this from on a deconsolidated basis, our metrics actually improve at the Enbridge Inc. level for our bond holders. There is more coverage of the debt on a deconsolidated basis as a result of this transaction. So we're financing the increase in the dividend through incremental equity. That equity will be issued, as we mentioned, there will be flexibility.

Our plan lays out that we will see increased equity issuances at Enbridge Income Fund Holdings that will be financing the growth during the period through the equity. But we're not introducing any incremental leverage into the structure as a result.

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

And Jack, it's Richard. Maybe I'll just add on to Wanda's comments. I think on page 23 you might be focusing on the wrong line in understanding the change in equity. The bottom line there is how much equity's been raised at the Enbridge level. But really the overall structure, you want to go to the top line, which is [6.2 to 8.4]. So there is additional equity being raised to replace every additional dollar that's being paid out.

I think Wanda's comment on deconsolidated credit metrics, yes, it's the Canadian debt which will in part get the opportunity to move into the Income Fund. The Income Fund doesn't really have US assets to fund, so moving US debt into the Income Fund wouldn't make any sense. Because the Canadian debt is moving into the Income Fund, that's the deleverring that's occurring at the Enbridge level. So there's less debt in total to be serviced by the assets that are the diversified range of assets that are being held by Enbridge. So I think there is a benefit to the US debtholders indirectly from that Canadian debt moving into the fund.

Jeff Healey - *Enbridge Inc - Analyst*

I think we're going to have to agree to disagree on that one, but thank you very much for taking my call.

Al Monaco - *Enbridge Inc - President and CEO*

Okay.

Operator

Thank you. At this time we would like to invite members of the media to join the queue for questions. (Operator Instructions). Our next question comes from David Noseworthy from CIBC. Please go ahead.

David Noseworthy - *CIBC World Markets - Analyst*

Just two questions. First, in terms of historically when we've seen dropped, there's been quite a detailed review process by the independent directors. Once this full suite of assets is dropped down, will subsequent acquisitions by EIFH require that same sort of detailed analysis or will that process then be much quicker?

Al Monaco - *Enbridge Inc - President and CEO*

That's a good question, David, good observation. So the special committee process in this instance will occur at the front end, in that we're talking about essentially one dropdown. So that would be reviewed by the independent committee of the EIF Board and so that will occur at the front end. Subsequent to that, the answer to your question is no, because the way that this gets affected essentially is by EIFH acquiring additional interest in EIF and so the only issue there would be at what price those -- the equity is raised to fund those investments in EIFH. And it will have to obviously be financially attractive for EIFH to do that at that point in time. But the process will not be iterated in terms of what we do at the upfront part of it.

David Noseworthy - *CIBC World Markets - Analyst*

Perfect. And then last question is just because I think Linda touched a bit on this, the Southern Lights Class A shares and the Hardisty growth agreements, I assume that both of those were with EPI entities? How do those agreements survive this or not? Does that become -- I'm sorry. Go ahead.

Al Monaco - *Enbridge Inc - President and CEO*

Go ahead, Wanda.

Wanda Opheim - *Enbridge Inc - SVP of Finance*

You're right, David, there are agreements in place as a result of the other dropdowns. So really with this dropdown, we will be effectively transferring the residual interests that are remaining within the Enbridge structure, so EPI does own the residual interest in Southern Lights Canada and we'd also be looking at the residual interest in Southern Lights after we take into account the Class A investment. And then the Hardisty terminal arrangement that we held back, we would also be dropping down. So effectively those structures within the Fund could be wound up if we're able to progress the transaction with those assets in as part of the negotiation with the Fund. It would collapse those arrangements because they would be owning the full asset.

David Noseworthy - *CIBC World Markets - Analyst*

Perfect. Thank you very much.

Al Monaco - *Enbridge Inc - President and CEO*

Okay, David, thanks.

Operator

Thank you. Our next question comes from Timm Schneider from Evercore ISI. Please go ahead.

Timm Schneider - *Evercore ISI - Analyst*

Hey, good morning. Just a real quick follow-up for me on EEP actually. How do you guys think about kind of the leverage ratios as you're going through this transformation? Then I have one follow-up.

Al Monaco - *Enbridge Inc - President and CEO*

I think the question was how do we look at the leverage ratio with respect to EEP? Is that --?

Timm Schneider - *Evercore ISI - Analyst*

Yes, exactly, at EEP.

Al Monaco - *Enbridge Inc - President and CEO*

We're just trying to think through your question here. I'm not sure that --

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Timm Schneider - *Evercore ISI - Analyst*

Basically what -- go ahead.

Al Monaco - *Enbridge Inc - President and CEO*

EEP, of course, is -- it has its own approach to capital structure, which is not dissimilar to that of our own. So I think when we're -- if I'm understanding your question right, when we're contemplating the dropdown there, I think it's pretty much the same thinking that we go through in terms of ensuring that it's going to be able to maintain its financial strength. So it will need to raise the appropriate amount of equity with respect to any assets that are dropped down relative to the debt.

So I would say our approach to leverage and ensuring that EEP is a strong entity is unchanged. I suppose you could extend that to say if we proceed with that transaction, it will certainly be, I guess, stronger from a credit point of view, just given the greater level of assets and the nature of those assets if we were to go down that road. But we're a ways away from making that call.

Timm Schneider - *Evercore ISI - Analyst*

So basically what I was getting at, would there be a situation where you guys would consider kind of over-equitizing the drop?

Al Monaco - *Enbridge Inc - President and CEO*

Over-equitizing the drops. I'm trying to anticipate what you're getting at here. What we would do at EEP, again, is to the extent that EEP could absorb the dropdown and fund it with the right amount of equity, Enbridge would still be there to ensure that the growth program that was dropped down effectively would be funded because we can't put that at risk. So hopefully that answers your question. But if it doesn't, please follow up.

Timm Schneider - *Evercore ISI - Analyst*

That's fine. I'll follow up offline. Thank you.

Al Monaco - *Enbridge Inc - President and CEO*

Thank you.

Operator

Thank you. At this time I would like to turn the call back over to Adam McKnight for closing remarks.

Adam McKnght - *Enbridge Inc - Director of IR*

Thank you, Christine. We have nothing further to add at this time. But I'd remind you that Leigh and I will be available for follow-up questions if you may have any. Thank you and have a good day.

Operator

Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.