Line 3 Replacement Program

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Line 3 Replacement Program

• Presenters:

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• Question & Answer Period
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This presentation will make reference to certain financial measures, such as adjusted net income, which are not recognized under GAAP. Reconciliations to the most closely related GAAP measures are included in the earnings release and also in the Management Discussion and Analysis posted to the website.
Line 3 Replacement Program

- Overview
- Commercial Terms
- Return on Investment
- Funding Plan Update
- Execution & Growth Outlook
Line 3 Replacement

- **Line 3:**
  - Part of Enbridge Mainline System
  - Replacing all remaining segments

- **Capital Investment:**
  - $7 billion (ENB/EEP)

- **Expected Completion:**
  - 2nd Half of 2017

- **15 Year Toll Surcharge**

- **Shipper Support:**
  - CAPP/RSG
Benefits of Line 3 Replacement

• **Benefits to Industry**
  – high reliability and assurance to key markets
  – reduced scheduling impacts of future maintenance
  – increased scheduling flexibility
  – improved line balancing

• **Supports our #1 priority - safety and operational reliability**

• **Positive investment attributes**
  – Avoids $1.1 billion maintenance capital through 2017 and mounting thereafter
  – Provides solid return on significant incremental investment
  – Supports post 2017 EPS growth
• Preliminary unclassified estimates of CDN $4.2 billion and U.S. $2.6 billion

• 2014 – 2017 integrity capital savings of CDN $1.0 billion and U.S. $0.1 billion, increasing thereafter
Line 3 Replacement Program IJT/CLT Surcharges

- U.S. $0.80 surcharge to Hardisty to Flanagan IJT benchmark toll for years 1-10, $0.75 years 11-15
- Corresponding surcharges apply to barrels moving within Western Canada under Canadian Local Toll
- Applies to all volumes
- Distance adjusted for longer or shorter hauls
- Adjusted upward or downward for 75% of any change due to detailed Class IV estimate
- $0.04 increase to IJT benchmark toll for every 50 kbdp of throughput below 2,350 kbdp, ex-Gretna
- $0.04 increase to receipt charge on all Edmonton and Hardisty receipts
Line 3 Replacement Program U.S. FSM Surcharge

- Incremental U.S. capital included in existing Facilities Surcharge Mechanism surcharge

- Fixed 10.75% cost-of-service return on 55% equity applying standard 154B methodology
Capacity Implications

- Ex-Gretna annual operating capacity rises to 2,850 kbdp following Alberta Clipper expansions
  - System in balance ex-Superior

- Line 3 Replacement Program will not increase effective system capacity ex-Gretna

- Capacity of 2,850 kbdp will accommodate expected late decade throughput of 2,600 kbdp

- Line 3 Replacement Program will improve system flexibility and reliability in meeting expected throughput level
Line 3 Replacement Program Returns and Profile

- U.S. capital is low double digits full life return on equity on incremental capital, slightly tilted profile

- Canadian capital is low double digits full life return on incremental equity at 2,600 kbpd, tilted return profile
  - Varies by up to a couple of percentage points at higher or lower system throughput ex-Gretna
• Enbridge joint funding of Sandpiper eliminated by Marathon Petroleum funding
• Assumes Enbridge funds 50% of U.S. Line 3 program
• $2 billion of discretionary unsecured growth capital deferred beyond 2017

| Maintenance Capital | 5.6 |
| Secured Growth Capital | 28.2 |
| Risked Growth Capital | 3.2 |
| **Total** | **37.0** |
| Cash Flow Net of Dividends | (14.6) |
| **Net Funding Requirement** | **22.4** |

<table>
<thead>
<tr>
<th>Debt</th>
<th></th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Requirement</td>
<td>15.8</td>
<td>Total Requirement</td>
</tr>
<tr>
<td>Cash on Hand</td>
<td>(1.1)</td>
<td>2013 Common Share Issuances</td>
</tr>
<tr>
<td>Total Requirement, Net of Cash</td>
<td>14.7</td>
<td>2013 Noverco Secondary Offering</td>
</tr>
<tr>
<td>2013 – 2017 Maturities</td>
<td>3.8</td>
<td>2013 Preferred Share Issuances</td>
</tr>
<tr>
<td>2013 Preferred Share Issuances</td>
<td>(0.7)</td>
<td>DRIP/ESOP</td>
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<tr>
<td>Debt Already Issued</td>
<td>(2.8)</td>
<td><strong>Equity Requirement</strong></td>
</tr>
<tr>
<td>Bridge Funding of EEP Preferred Unit</td>
<td>(1.2)</td>
<td></td>
</tr>
</tbody>
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### Cost of Equity Optimization and Flexibility

2013 – 2017 Remaining Requirement $2.7 Billion:

<table>
<thead>
<tr>
<th>Description</th>
<th>$ Billions</th>
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<tbody>
<tr>
<td>Preferred Shares</td>
<td>$1.8</td>
</tr>
<tr>
<td>Sponsored Vehicle Drop Downs</td>
<td>$2.0</td>
</tr>
<tr>
<td>New U.S. Co-Funding Vehicle</td>
<td>$1.0</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$4.8</strong></td>
</tr>
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</table>

ENB Public Equity

~
Proven Execution Record

Capital Placed In Service
2008 - 2013

$17 B

Portfolio completed at 1% under total budget

Disciplined Project Execution

• Successful Alberta Clipper team to execute Line 3
• Well-known construction corridor
• Relationships with landowners and communities along Line 3

Estimate based on extensive historical & current market cost data
  • Over 50 projects executed/in execution

Estimate in development for over a year

Standardized facilities design across project

Line 3 Major Components

- CAD Mainline Contracting: 31%
- Pump Stations: 16%
- Pipeline Materials: 21%
- USD Mainline Contracting: 19%
- Other: 13%

Repeatable Reliable Estimating

De-Risking the Supply Chain
Enterprise Wide* Growth Capital Program (By In-service Date)

* Includes ENB, EEP, and ENF
** As at February [28], 2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Capital Program</th>
<th>Unsecured</th>
<th>Commercially Secured</th>
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<tbody>
<tr>
<td>Enbridge Day 2012</td>
<td>$35 B</td>
<td>$17 B</td>
<td>$18 B</td>
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<tr>
<td>(2012 – 2016)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enbridge Day 2013</td>
<td>$36 B</td>
<td>$10 B</td>
<td>$26 B</td>
</tr>
<tr>
<td>Q4 2013 Earnings Call</td>
<td>$36 B</td>
<td>$7 B</td>
<td>$29 B</td>
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<tr>
<td>Current**</td>
<td>$41 B</td>
<td>$5 B</td>
<td>$36 B</td>
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</table>
## Industry Leading EPS Outlook

### Secured Capital 2013 – 2017 by Return Profile

<table>
<thead>
<tr>
<th>Category</th>
<th>Flat ($ Billions)</th>
<th>Tilted ($ Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquids Pipelines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Alberta Regional</td>
<td>$3.8</td>
<td>$2.2</td>
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<tr>
<td>Liquids Pipelines</td>
<td></td>
<td></td>
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<tr>
<td>– Market Access Initiatives</td>
<td>$7.5</td>
<td>$9.7</td>
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<tr>
<td>Liquids Pipelines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Line 3</td>
<td>–</td>
<td>$7.0</td>
</tr>
<tr>
<td>Gas Pipelines</td>
<td>$1.7</td>
<td>$1.1</td>
</tr>
<tr>
<td>Gas Distribution</td>
<td>$1.7</td>
<td>–</td>
</tr>
<tr>
<td>Green Power</td>
<td>–</td>
<td>$1.5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$14.7</strong></td>
<td><strong>$21.5</strong></td>
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</tbody>
</table>

### An Industry Leading EPS* Growth Outlook (but lumpy)

- Tilted Return Projects
  - $7B Line 3 Replacement
- New Growth Platforms
- Sponsored Vehicle Drop Downs

*Adjusted earnings are non-GAAP measures. For more information on non-GAAP measures please refer to disclosure in news release.
Line 3 Replacement Program Summary

- Provides enhanced ability to reliably accommodate shipper throughput requirements

- Significant incremental capital investment opportunity for ENB and EEP on attractive commercial terms

- Additional funding requirements are modest and manageable

- Major Projects capability provides high confidence in cost and schedule

- Significant contribution to maintaining industry leading EPS growth into next decade