Market Access - The Strategic Imperative Continues
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TD Securities - Calgary Energy Conference
July 9, 2014
Agenda

1. The global energy context
2. North American crude oil fundamentals
3. Market access imperative
4. Executing infrastructure investment programs
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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.
Enbridge Footprint

2013 Adjusted Earnings

- Liquids Pipelines: 68%
- Gas: 23%
- Power, International, & Energy Services: 9%

- Liquids Systems and Joint Ventures
- Natural Gas Systems and Joint Ventures
- Power Transmission
- Gas Distribution
- Solar Assets
- Wind Assets
- Geothermal Assets
- Fuel Cell
- Waste Heat Recovery
Global Energy Outlook

- Energy demand growing
- Energy growth decoupled from GDP
- Shifting supply mix
- All sources of supply required to meet global demand

Global energy supply mix

- Oil
- Gas
- Coal
- Biomass/Waste
- Nuclear
- Hydro
- Renewables

QBU

2040

2010
Global Crude Oil Demand Outlook

- Oil consumption grows by 17 MMbpd (2030)
- Growth driven by non-OECD countries
  - China +6 MMbpd
- OECD demand growth flat

Source: EIA
Global Supply Growth

+ 14 MMbpd by 2025

- **Canada & U.S.**
- **OPEC**
- **Other**

Enbridge’s systems are accessible to 2/3rd of incremental supply growth

Sources: EIA, CAPP, Enbridge Internal Forecasts
North American Crude Supply Growth

+ 7 MMbpd by 2025

Sources: Enbridge Internal Forecast and External Forecasts
U.S. production displaces waterborne imports

Sources: EIA
North American Refinery Markets

Light Markets
- East Coast
- Eastern PADD II
- PADD III

Heavy Markets
- PADD II
- PADD III

Source: StatsCan, EIA, Enbridge Internal Forecasts

PADD II
- 3.5 MMBpd Refining Capacity
- Canadian
- US
- Foreign

PADD III
- 8 MMBpd Refining Capacity
- Canadian
- US
- Foreign

Eastern Canada & PADD I
- 2 MMBpd Refining Capacity
- Canadian
- US
- Foreign
Challenge #1 – Historic Crude Flow Pattern

Reconfiguration of pipeline grid underway
North American Regional Pricing Disparities

Pricing Based on 52 week average ended June 30, 2014
(Crude Prices: USD/bbl, Natural Gas Prices: USD/MMBtu)

Peak Heavy Differentials
1 Year ended June 30, 2014

<table>
<thead>
<tr>
<th>Differentials</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>WCS - Maya</td>
<td>($34.41)</td>
</tr>
<tr>
<td>WCS - WTI</td>
<td>($41.20)</td>
</tr>
<tr>
<td>WCS - Brent</td>
<td>($51.94)</td>
</tr>
<tr>
<td>WCS - Pacific</td>
<td>($52.38)</td>
</tr>
</tbody>
</table>

Light Crude
Heavy Crude
Natural Gas

Pricing Based on 52 week average ended June 30, 2014
(Crude Prices: USD/bbl, Natural Gas Prices: USD/MMBtu)
Challenge #2 – The Cost of Adding NA Production

Global price signals required to induce investment

Source: Rystad Energy, Morgan Stanley Commodity Research estimates, Internal, CITI Research
Challenge #3 – Opposition to Energy Development

Stakeholders require more of energy companies

- GHGs and climate change
- Well-organized opposition
- High profile incidents
- National Debate

Opposition to energy development
Market Access Priorities

- **Asia**
- **Brent**
- **Maya**
- **LLS**

- **Red**: Regional Infrastructure
- **Green**: Inland to Coastal Markets
- **Blue**: Coastal to Global
Producers placing high value on market access and optionality

Sources: Enbridge Internal Forecast

*Includes Bakken entering ENB Mainline
Enbridge Providing New Market Access

Light Oil Market Access

Eastern Access

Western USGC Access

Incremental Market Access: +~1.0MMbpd of Heavy; +0.7MMbpd of Light
Northern Gateway to connect Canada to global markets

- Approved in June 2014

Priorities:

- Meet 209 conditions
- Continue to engage with communities
- Work with the Gov’t of BC on 5 conditions
Narrowing Regional Pricing Disparities

• PADD II demand (BP Whiting)
• Enhancements and optimization
  - Drag reducing agent
  - Improved scheduling
  - Quality pooling
  - Line allocations
Pricing Outlook (2020)

Regional prices reflect pipeline transportation costs

Inland prices increase relative to global prices

Source: IHS June 27, 2014 Long Range Forecast

*Brent price is a landed price on US East Coast/US Gulf Coast. Assumed tanker freight cost of US$2.00 per bbl.
Executing the Capital Program

• **Major projects capability**
  - Supply chain management
  - Skills and processes
  - On time, on budget, safely

• **Financing**
  - Ample liquidity
  - Strong credit rating
  - Good access to capital markets

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### Projects In-Service 2008 – Q1 2014

- Completed at 3% under budget

### Consolidated Credit Facilities & Cash*

- **Cash**
- **Unutilized Capacity**
- **Available Liquidity**

* Includes Enbridge Inc., Enbridge Energy Partners LP, Enbridge Income Fund
Earning Public Trust

- Putting safety and environment first
- Exceeding regulatory requirements
- Engaging stakeholders
- Investing in world class performance

Gain the benefits of economic development in a sustainable way
Industry Leading EPS & DPS Outlook

$42 Billion Enterprise Wide Capital Program

An Industry Leading EPS* Growth Outlook (but lumpy)

2012 2017

- 10-12% EPS CAGR
- Tilted Return Projects
- $7.5B Line 3 Replacement
- New Growth Platforms
- Sponsored Vehicle Drop Downs

An Industry Leading DPS Growth Outlook (smoother)

2012 2017

- 10-12% DPS CAGR
- EPS Growth
- Surplus Cash Flow

* Adjusted earnings are non-GAAP measures. For more information on non-GAAP measures please refer to disclosure in news release.
Key Takeaways

• Global energy consumption rising
• North America well-positioned
• Good progress, but market access still challenging
• Energy development critical to Canadian economic development
• More balanced discussion on the importance of energy
Question & Answer Period