



Enbridge Inc. 2016 Annual Meeting of Shareholders

**Al Monaco, President and CEO,
Enbridge Inc.**

May 12, 2016

Remarks to Enbridge Inc. Shareholders

BMO Centre

Stampede Park

Calgary, Alberta, Canada

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Check against delivery**

Introduction

Thank you Mr. Chairman – good afternoon everyone.

Let me first talk about the situation in Northern Alberta.

We've seen destruction, fear and uncertainty for the residents of Fort McMurray. But that's been matched by incredible efforts to help people and keep them safe.

Many Enbridge people live and work in the region. They and their families are safe and our staff across the Company have truly rallied around them.

I couldn't be more proud of our team. Obviously this is one of the most challenging events our province has ever faced. It's bringing out our very best as Albertans and as Canadians. It's clear that at times of crisis, regions and borders don't really matter.

What matters, and what our hearts and values dictate, is community and family. We're seeing support from across Canada . . . from the Atlantic to Ontario and Quebec. Canada's colors are showing.

The thoughts of the Enbridge team – and I know all in this room – are with the people of Fort McMurray. I know it's hard to envision rebuilding an entire community when we're still fighting the fire – but there's no question it will be rebuilt.

Our approach to these difficult events is the same. Our first priority has been to ensure the safety of our people, the community and the environment. As our assets are critical infrastructure we focus on making sure they're protected – we do that in close coordination with authorities. And we stay in close contact with our customers and the regulator.

We're bringing our own operations back into service this week...supporting our customers and marking first steps in the recovery. And Enbridge – and our industry - will be at the forefront of supporting that recovery.

It's about being part of the communities where we live and work.

And it's a big part of why we look forward to our annual meeting -- because we have shareholders, landowners, community members, business partners – as well as Enbridge staff - in one room.

Your leadership team

I'd like to introduce our management team.

If you add up the team's years of experience, it's a big number. Equally important though is the energy they bring to see Enbridge succeed.

I won't go through the names, but I do want to call out Glenn Beaumont, who leads Enbridge Gas Distribution . . . and who will be retiring after 30+ years with Enbridge. One of the most important things that Glenn has brought to Enbridge over the years is the way he connects with people inside and outside of our Company. Glenn, on behalf of the Board and management team, thank for your great contributions to Enbridge.

Please take the opportunity to chat with the team during the reception.

I'll spend a bit of time today talking about our approach to the business and our results.

But just as we're trying to look ahead today in Alberta...I'll focus on the broader energy landscape and how Enbridge is positioning for the future.

Forward looking statements

In that spirit, and before I continue, it's a regulatory requirement that I advise you that I will be using forward-looking statements and information.

Consistency, strength, value

The 3 words on the cover of our annual report – consistency, strength, value – define Enbridge and our business model.

And in the context of a very tough commodity environment . . . it's that business model that sets us apart, and has once again proven resilient.

The business model

Let me boil down the essence of that business model.

First, we're disciplined by:

- Concentrating on what we do best – designing, building and operating energy infrastructure;
- Minimizing exposure to commodity prices;
- Ensuring strong commercial structures when we invest capital;
- And assuring we're on solid financial footing at all times – especially these times.

Most important, we stay squarely focused on our producer customers, even more so when they're under pressure like over the past year.

The way we support them is by providing efficient, reliable and low-cost transportation infrastructure. And by getting their production to the very best markets so they receive a fair price. That's good for them and it's good for us.

But it's also good for all Canadians who benefit from our natural resources and their contribution to our economy.

Safety and operational reliability

Second, our number one priority is safety and reliability.

At this point our staff knows what's coming next. And that is . . . if we don't get safety and reliability right, nothing else matters.

It's been 6 years since our Marshall, Michigan incident. We keep it at the forefront of our minds because it's made us better. Our safety numbers since 2010 bear this out, but it's really a mindset, rather than numbers, that drives us today.

We've brought safety across the company to the next level. Our people think first about protecting the public and the environment and preventing incidents. Making double and triple sure we've got things right.

We encourage our staff to speak up about concerns – and our management team to listen closely to what they're saying. And we invest heavily in maintaining our system . . . to the tune of \$5 Billion since 2010. The most satisfying call that I can get is a customer thanking us for being safe and reliable . . . or from a peer asking us for advice.

Solid execution of growth strategy

The third part of our business model is sound execution of our strategies.

Let me highlight a few of the things that have moved our strategy needle:

Over the past two years, we've put \$15 Billion of new infrastructure into service – nobody else in our space can say that.

Two critical projects in 2015 were the Woodland extension (bringing Imperial's new production to Edmonton); and expansion of capacity between Edmonton and Hardisty.

That fed our mainline expansion projects – Alberta Clipper and Southern Access that provided much needed access to U.S. markets. That was critical for our customers and it meant less crude moving on trains.

We completed Line 9, which now provides product to eastern Canadian refineries. What does that do? It displaces foreign crude supply, and less barrels on rail. Again, good for our customers, good for us and good for Canada.

We completed the Greater Toronto expansion so our 2.1 million customers get the energy they need... to heat their homes, cook meals and serve critical industries.

Moving across the pond, we entered the European offshore wind market with a 25% interest in the 400-MW Rampion wind farm...off the southern coast of Britain.

And this week, we announced a new investment that will help us grow our offshore renewables business. I'll come back to that later on.

We continued to build our Canadian natural gas midstream footprint, with the acquisition of two operating gas plants in proximity to the Alliance Pipeline.

And we proved our skills to our offshore Gulf of Mexico customers by completing three projects.

Finally, we concluded our \$30 billion asset transfer to Enbridge Income Fund which will lower the cost of funding our capital program.

We're making sure we have a strong balance sheet and the flexibility to pursue opportunities as they come along. In the first quarter, we raised \$3 billion of equity – which meets our equity needs through 2017, and more. All of those factors translated last year to our best financial and operating results ever.

2015 financial results

Adjusted earnings rose 16% to \$1.9 billion or \$2.20/share.

Available Cash Flow (or ACFFO) grew more than 23% to \$3.2 billion or \$3.72/share.

Progress continued in the first quarter. Adjusted earnings and ACFFO per share increased by roughly 34% over the same quarter last year.

Dividend growth

We increased our 2016 dividend by 14% – the 21st consecutive increase.

And the year prior – a 33% increase.

It's really this picture that shows the strength of our business model.

Total shareholder return

Unlike previous years, strong operating and financial results didn't translate to our share price. We weren't alone given the broader energy decline, but it was disappointing nonetheless.

What's important though is that we remain disciplined in the face of market downturns. And, we remain true to the business model I just talked about – a model that's delivered superior returns to shareholders over the last 50 years.

The way we look at it is that if we continue to focus on our customers and our operations, and deliver on our growth strategies . . .it will be recognized in the market.

It's already started to do that early this year.

Financial outlook

I often share this picture with shareholders and staff. It shows our expected outlook through 2019 from our secured capital program. If we execute that program well, we should be able to continue to drive our strong cash flow and dividend growth.

So that gives you a snapshot of our approach to the business, commitment to safety and solid execution of our strategies that's driving results.

Now let's look forward.

I'd like to touch on three aspects of the energy landscape where we see tremendous opportunity . . . not just for Enbridge, but for Alberta and Canada.

- One: North America's energy advantage;

- Two – industry’s revitalized approach to energy development and a more constructive public conversation about energy;
- And three, the transition to a lower carbon economy.

Let’s start with North America’s competitive advantage – energy.

North America’s global energy competitive advantage

There’s wide agreement that the world’s need for energy will increase, not decrease. That’s not a tag line put out by energy companies, it’s our reality and here’s why:

- In the next 25 years, the world’s population will increase by about 2 billion to 9 billion;
- Cities with populations of over 10 million will increase from 28 today to 41; and
- Developing countries will achieve improved living standards, just like we have here.

All of this requires more energy, somewhere in the range of 30-40% more. That means we’re going to need all sources of energy supply to meet demand. That includes existing fuels, but also lower carbon sources like renewables.

It just so happens that over the last few years, Canada and the U.S. have developed tremendous capability to deliver more and more energy supply. Therein lies what I think of as North America’s competitive advantage in energy.

That advantage stems from the unique combination of:

- massive resources;

- the technology to develop those resources that's years ahead of the rest of the world;
- and the capital markets and entrepreneurship to make this advantage a reality.

So, a couple of things are happening – increasing energy demand and North America's potential to be a leader in satisfying that need. I say potential because achieving this advantage requires infrastructure to connect resources to markets. Without infrastructure, it's an unfulfilled dream – a latent North American competitive advantage.

We're only one company, but let me describe the story of how we're helping make this advantage a reality. The strategy is pretty simple – get growing inland supply to coastal markets and then beyond.

A few years ago we embarked on a mission to extend our system so that crude oil could reach the # 1 market in the world – the U.S. Gulf Coast. The first way point was getting to the Cushing hub, followed by completing the first, and only, large volume path for Canadian crude to get there. That system allows Canadian barrels to reach 8+ million bpd of world class refining capacity.

The U.S. Gulf Coast is a great market for Canadian crude.

What we didn't anticipate was that the U.S. would lift its crude export ban. So our path to the Gulf Coast will be more valuable because we can now connect North American supply to the rest of the world.

We haven't yet fulfilled Canada's need to connect to tidewater . . .but our Line 9 project is an excellent first step because it displaces foreign crude.

Having competitively priced, reliable supply helps sustain Quebec's refining and petrochemical cluster and 4,000 jobs that depend on it.

Two points to conclude with on this.

Ultimately we'll realize the North American advantage when infrastructure connects this continent with the rest of the world. To be competitive today, any industry needs global connectivity. It simply doesn't make sense for us not to.

And second, the future of commerce will be driven by trading blocks, not individual countries. Of course we have national interests and that won't change. But we need to be looking at our energy advantage not as Canadians, Americans or Mexicans, but as North Americans.

That means more policy and leadership collaboration on energy and the environment. It also means a new way of thinking about energy by industry and all of us in Canada.

So let's talk about that next.

Industry's new approach to energy development

Over the last decade a confluence of factors has driven a significant change in how the public thinks and reacts to energy.

- Legitimate concerns about climate change;
- National debates on energy infrastructure that affects and shapes the public's view;
- And perhaps most important is the resurgence of the energy consumer, who wants – and has found – a voice. A powerful one, on energy.

That voice is demanding 3 things:

- Consumers want energy and the economic and social benefits that come with it;

- They want it at a low cost; and,
- They want energy developed in an environmentally sensible way.

You could say that's a lot to ask; but like any business, if you ignore consumers, you do so at your peril.

What's different today is that industry gets it and is changing. That progress is fueling a much more balanced conversation about energy in our country. I've felt it strongly in the past year. The polarization we've seen is starting to narrow – we're coming closer together.

Here are a few things that illustrate that change is happening.

The Alberta Climate Leadership Plan – that came about because of the unprecedented collaboration between energy producers, environmental groups, Indigenous peoples and government.

Another is COSIA – an industry technology-sharing partnership that's accelerating environmental performance.

And in Ontario, government is working with companies like ours on energy conservation programs that reduce both GHG's and energy bills for consumers.

And, exploring ways to reduce emissions through greater use of natural gas.

We've played a leadership role in shifting the balance. A key part of that has been changing the way we engage with stakeholders. We listen to concerns and take input and advice from communities on how to be better. We continue to grow our relationships with Indigenous peoples.

The conversation we're having in Canada about reconciliation is an incredibly important one.

At Enbridge we look at building relationships with First Nations and Métis as critical for many reasons. One is their stewardship capability over land, water and communities that's essential to how we think about resource development in Canada.

The low price of oil is helping people better understand why it's so important for Canada to increase export capacity. And they're seeing that the most efficient way to do that is through pipelines.

There's growing recognition of the economic benefits – the thousands of jobs, billions in investment and the huge tax revenues that energy and pipelines bring.

While we still face challenges, we're now seeing a more constructive debate – one that's shifting to be more collaborative, less polarized.

The third area of change in the landscape is the transition to a lower carbon economy.

The transition to a lower-carbon economy

In many ways, Enbridge is a microcosm of the future of energy. Let me explain.

As a company with both pipelines and wind turbines, we're delivering energy security and a lower carbon future. That's how we see our role today – that's how our team thinks about Enbridge.

Our pipeline assets will continue to play a crucial role in our economy for decades to come. That won't change and there is more growth ahead.

At the same time, as I said earlier, the world needs all forms of energy supply to meet demand. And natural gas and renewables are becoming the fastest growing sources of supply.

We entered the natural gas business more than two decades ago. Today, we're Canada's largest natural gas utility.

North American gas reserves have grown dramatically (in the U.S., by more than 50%) over the past few years. This will make natural gas an abundant fuel for many years to come and it can play a large role in reducing emissions.

Our first renewables investment was 13 years ago – we were ahead of the curve at the time and that puts us in excellent position today. It's clear that continued improvements in technology and introduction of carbon pricing, will make renewables even more competitive. The cost and efficiency has improved dramatically over the last few years.

When we built our first wind farm, each turbine – state of the art in its day – had the capacity to generate about half-a-megawatt of electricity – enough to power about 250 homes. Today, the turbines used in our U.K. offshore Rampion project generate more than 3.5 MW each – 6 times as much power. And the newest generation of turbines can generate 10 more times the power.

We've invested nearly \$5 billion in wind, solar and geothermal generation and plan to double our capacity.

Let me tell you about how we're going to build that story going forward.

Over 20 gigawatts of new offshore wind generation is expected in Europe over the next five years. We see great potential to accelerate growth in this new business. We've established a good entry point through Rampion, which we forecast to generate up to 400 MW of power by 2018.

As we announced this week, we're participating in the development of 3 large projects off the coast of France . . . that together could generate more than 1,400 megawatts of electricity.

The projects have the best commercial frameworks we've seen. And if all 3 are approved to go forward, they could total up to \$4.5 billion in investments for us over the next 6 years.

It's a great example of the new opportunity set before us as we look to extend and diversify our growth . . . and building on the solid opportunities already ahead of us.

Let me conclude with this.

Conclusion

As we look to forward – our future is shaped/driven both by the economic imperative to capture opportunities . . . for Canada and for North America in an increasingly global energy market . . . by ensuring we can effectively move existing fuels that are so critical to all of us... and by being part of the growth of lower carbon energy.

It's a future we're excited about.

It's one in which we'll continue to create value. . .for our customers, communities, consumers and our Enbridge team.

And one that will continue to drive strong returns for our shareholders.

Representing those shareholders is our Board of Directors. Our thanks to them for providing sound guidance and support – that's of great importance to our management team.

Closing

Finally, it's an honor to lead this company. We have great people and great assets.

We have a long history of being part of North America's energy landscape . . . from delivering natural gas to homes in Ontario before Confederation, to being the first to connect Western Canada's oil to U.S. markets.

Our success has been driven by our ability to adapt, to change and to grow . . . we're keenly focused on positioning our company to continue that success for decades to come.

And as I noted at the outset, I am incredibly proud of the Enbridge team. They're on the front lines – the people the public puts their trust in to safely deliver the energy they need.

And over the past ten days, people across our Company have come together to support our colleagues in Northern Alberta.

They're working hard to support our community . . . to help our customers restart their operations . . .and to do all we can to enable the people of Fort McMurray to rebuild.

I've talked a lot about our business and the future . . .but our thoughts, compassion and hope as we all sit here today are for the people of Fort McMurray.

We will now open the floor to questions.