Enbridge Inc.
2018 Annual Meeting of Shareholders

Speech by
Al Monaco
President and CEO, Enbridge Inc.

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Calgary Marriott Downtown
Calgary, Canada
Al Monaco was appointed President and Chief Executive Officer on October 1, 2012. He is also a member of the Enbridge Inc. Board of Directors. Prior to being appointed President of Enbridge Inc. in February 2012, Mr. Monaco served as President, Gas Pipelines, Green Energy & International with responsibility for the growth and operations of Enbridge’s gas pipelines, including the Gas Gathering & Processing operations in the United States, Enbridge’s Gulf Coast Offshore assets and the Company’s investments in Alliance, Vector and Aux Sable, as well as Enbridge’s International business development and investment activities and Green Energy.

Mr. Monaco has more than 30 years experience in the energy business including the upstream oil and gas exploration, development and pipelines businesses.

Since joining Enbridge in 1995, he has held positions including Executive Vice President, Major Projects & Green Energy, and as President, Enbridge Gas Distribution; Senior Vice President, Corporate Planning and Development; and Vice President, Financial Services and Treasurer for Enbridge’s U.S.-based master limited partnership.
Introduction

Thanks Greg, good afternoon everyone.

2017 was a pivotal year for Enbridge, and our industry had a lot going on with it as well.

Today I’ll focus on 3 things:

• The importance of the Spectra transaction and how well it diversified us and positioned us for the future;

• I’ll recap the year, including progress on strategic priorities and our new 3-year plan, and I’ll talk about the disappointing share price, which underperformed our expectations and yours;

• And then I’ll discuss the North American energy advantage, the opportunity for this continent to become a premier global energy supplier, and what we need to do to realize that opportunity.

Before that, I’ll take a moment to talk about our 15,000 people across the U.S. and Canada, and they’re shareholders as well.

Our people work tirelessly to make sure our operations run safely and reliably, so that North Americans receive the energy they want and need every day.

With constant headlines in our business, our people and their families are often under pressure for working in energy.

But people are committed and proud of what they do.

And I’m proud of them; especially the work they do in communities, like supporting others during the hurricanes and the Ft. McMurray wild fires.

Finally, it’s been a year of tremendous change for our people and that’s been stressful on them.

We started last year as two separate companies but we’re now one team working toward a common goal of building the best energy infrastructure company in North America.

So, to our people, thank you for your hard work and dedication to Enbridge and our industry.

A Great Company, Positioned for the Future

This map tells the story of how we’ve transformed Enbridge from what was primarily a liquids pipeline company to the largest energy infrastructure company on the continent.

The Spectra deal was a one-time opportunity to become the dominant player in our industry, by diversifying, increasing our scale, and expanding our reach.

It rebalanced our portfolio with premier natural gas assets, because we believe gas will be even more critical in meeting energy needs – here and globally.

We now have what we want – 3 best in class businesses:

• liquids pipelines and terminals;

• natural gas transmission and storage; and

• natural gas utilities, all under one roof.

We’ve also built a strong renewables franchise, because all sources of energy will be needed to meet global demand.

Together these franchises are unmatched in the energy infrastructure world.

They each fit squarely within the value proposition that has served us well – stable, low-risk businesses that enable growing dividends for shareholders.

Our assets are strategically located – we directly connect key supply regions to demand centers, to energize homes, cities, towns and communities.

Our roots are as a Canadian company, but our perspective is North American.

So when you look at this map, you can see how the newly acquired gas transmission and utility assets fit so well as part of the Enbridge family.

Today, we’re stronger, better balanced and we have more opportunity to grow.

And we’ve added great people from Spectra.

Closing the Spectra deal and integrating the assets was a big accomplishment, but let’s turn to the rest of what happened in 2017.
**2017 Recap**

I’ll start with our #1 priority; safety, reliability and environmental protection.

We had another exceptional year and we continue to lead the industry.

We don’t crow about these results because we can’t let our guard down. We’re focused on getting even better; that’s the approach we need to take in this business.

We put $12 billion of new assets into the ground last year. Think about that, $12 billion and 16 projects completed, in the toughest permitting environment ever.

That says a lot about our people who made that happen. These 16 projects are going to generate increased cash flow this year (more on that later).

I won’t go through all of these, but mention a few:

- Sabal Trail – a new natural gas system serving the U.S. Southeast, displaces coal;
- The Wood Buffalo Line in Alberta moves Fort Hills volume to our mainline system;
- The Bakken Pipeline System gives us another line into the Gulf Coast;
- The Dawn-Parkway expansion in Ontario supplies low-cost gas to millions in Eastern Canada;
- And the 250 MW Chapman Ranch wind power facility in south Texas provides zero-emission power to nearly 65,000 homes.

Construction on our Line 3 Replacement Project is 40% complete in Canada.

Great progress, but we’re proud of the collaboration with Indigenous communities—true partnerships that respect culture and the environment first, but also generate economic benefits.

So far, we’ve created $87M in opportunities for Indigenous Nations and groups along Line 3 (we could see that grow to $300 million).

Equally important is our relationship with landowners. CAEPLA and David Core—who is in the room with us today—have held us to the highest standards, and then some.

These are successes we don’t hear about in the pipeline fray. But it shows how working together can make projects better.

That size of a growth program requires a lot of funding – last year we raised $14B plus another $2.5B in asset sales.

We’ve been focused on improving efficiency, taking out costs and optimizing our assets.

We’re likely to exceed our synergy target for the Spectra deal.

More broadly, from 2015 to the end of this year we’ll have reduced $1B in costs to ensure we’ll remain competitive in the years to come.

Our 2017 results came in at $3.68/share, 2% lower than targeted because of upstream customer disruptions that affected our mainline volumes; and lower commodity prices that impacted our commodity price sensitive businesses.

We sanctioned $4B of new projects last year, which will add cash flow and support growth beyond 2020.

Finally, we increased our dividend by 15%, our 23rd consecutive year of dividend hikes.

**Share Price**

So, lots of accomplishments, but they were overshadowed by our share price, so let me address that.

First, you entrust us to maximize the value of your investment - we don’t take that for granted.

Just as you’re disappointed, the management team, the Board and our people are too.

This is new territory for us; I’m usually up here talking about outperforming peers and the market.

We’ve been impacted by some things that affected the entire energy space, not just Enbridge—one being investor rotation from energy space to cycicals.

And, whereas in the last decade we had declining interest rates, we’re now in a rising rate environment, which doesn’t favor infrastructure stocks like ours.

There are other factors at play that affect our sector, but are more salient for us.
A challenging regulatory and permitting environment means large projects, like our line 3 replacement, carry more uncertainty for all of us.

We’ve seen this with our competitors and with the Line 3 regulatory process in Minnesota as well.

And the recent FERC decision to disallow tax recovery in the rates we charge customers—a complete reversal of their long standing policy—is another factor that impacted the sector.

In our case, our U.S. MLPs hold regulated assets so their revenues are affected by the FERC’s decision.

For the Enbridge group overall, we don’t believe this will be material to our consolidated financial outlook, but it does add uncertainty for our US MLPs.

Two final things on this:

First, I want shareholders to know that the Management team, the Board and our staff are very focused on shareholder value.

As part of that, we remain disciplined in managing the business. That means:

• operating safely and reliably and serving our customers well—they are our lifeblood;
• executing projects on time and on budget and working well with communities;
• being efficient and keeping costs in check;
• building for the future and being disciplined in how we allocate capital; and
• continuing to value and develop our people so they have great careers at Enbridge.

Let me now talk about where we are headed.

3-Year Plan and Outlook

Our 3-year plan is focused on the things I just mentioned.

Executing on our priorities should deliver 10% compound annual growth in DCF/share through 2020, which supports more dividend growth.

We have 6 key priorities—I’ll focus on a few specifics:

We’re modifying our asset mix to a pure pipeline and utility model, namely the 3 core franchises I talked about. These businesses generate low risk, predictable cash flows and it’s where we have a competitive advantage.

As part of that, we set a target of selling $3B in assets this year that don’t fit those criteria.

Earlier today, with the sale of our U.S. gathering and processing assets, and the 49 percent sale of some renewable assets, we took a big step toward a pure pipeline and utility model.

These sales mean that we’ve now exceeded our $3B asset target for 2018.

The combination of asset sales and growing cash flow will help fund our secured capital program for the core business, and get us to our targeted leverage metrics this year.

Another priority is to deliver on our $22B capital program.

That includes the Line 3 project I referred to earlier, and also Nexus, which will move gas from the Marcellus to the Dawn Hub, and the Valley Crossing line that exports gas to Mexico.

And with the new gas transmission assets we acquired and a larger utility platform, we’ll have plenty of opportunity to grow.

Let me now turn to how we see the future of the energy business.

The Opportunity for Energy

Yes, the energy space has been challenged recently.

But looking forward, I’m optimistic because the fundamentals for energy are very positive.

Here’s why:

North America has unmatched resources, skills and technology compared to anywhere in the world.

Commodity prices have stabilized and industry’s cost structure has improved dramatically.

All of this means North America has a tremendous competitive advantage in energy; in fact, we have an opportunity, as a continent, to be a major global energy exporter.

One thing that can mess that up is our struggle to build the infrastructure we need.
To capitalize on our energy advantage, we need to get on the same page.

Listening to and watching the North American energy debate is frustrating, but there's an important silver lining that I see.

In Canada, the pipeline challenges are framed as a national crisis, but that debate is changing the game, as we speak, because it's making people think about why energy matters to them.

The importance of energy to society is now resonating strongly. We're all agreed that energy should be developed sustainably most people don't need convincing of that.

But today, the people in the middle are asking: what happens if we can't develop our resources and get them to market?

They're saying energy and the environment can go hand-in-hand – and they're not mutually exclusive.

And, I think people are starting to believe that North America can lead the way—that we do have a unique advantage on this continent.

We need to maintain that momentum and encourage industry leaders, governments and communities to speak up about the merits of energy – economic, environmental and social.

And let me say this, not as the CEO of a North American pipeline company, but as a Canadian:

We should be proud of our world class resources and capability and how we balance that with the environment.

Let's think about our energy sector as part of what drives economic growth, just like manufacturing, aerospace, medicine, agriculture and cutting-edge technology.

Our energy resources enhance the competitiveness of each of these industries;

They can help grow our economy, add jobs, and fund the social programs we want. What's wrong with that?

We should be proud of our environmental record – and we should be excited about how our energy industry is creating and using technology to reduce GHG intensity.

And we need to remember that stalled projects have real-life consequences.

It matters that a lack of pipelines to the U.S. Northeast means people there pay multiples higher than the rest of the continent for energy.

And in what has to be the biggest irony ever, having to rely on coal and Russian gas imports to get through peak day requirements. That makes no sense!

It matters that natural gas is being stranded in Canada – gas that should be supplying global markets right now.

And, it matters that Indigenous communities are forced to wait longer for real development opportunities.

In order to realize the competitive advantage, we need to start pulling in the same direction.

Indigenous Report

Before I conclude, at last year’s AGM we committed to provide even more transparency on our approach to Indigenous issues.

We'll soon release a report outlining how we integrate Indigenous rights and sensitivities into our investment decision making process.

We're doing that because success in our business depends on our ability to build trust with the communities near our projects and operations.

The Opportunity for Enbridge

In closing, there have been a few factors overhanging our sector, and our own share price performance didn't meet our expectations.

But, we've been through cycles before and we've structured the business to withstand those cycles.

Post Spectra, we're more resilient given our size, scale, financial strength and the quality of our customer base and markets.

This is a long term business with long-life assets that are critical to society and the North American economy.

We believe firmly that we have the best assets and strategic position in the business.

In fact, where new infrastructure is more challenging to build, these assets are worth more today, not less.
That’s because they’re virtually impossible to replicate.

We believe that our future is bright and our true value will be recognized in the market.

Our assets generate strong and predictable cash flows:

Our 2018 outlook is robust with EBITDA growing from $10.3 to $12.5 billion, or a 21% increase.

And we have excellent growth prospects in our three core franchises that will sustain growth for the future.

All of this is why I continue to increase my own investment in Enbridge shares.

**Thank you to the Board**

Finally, thank you to our Directors – a talented and dedicated group committed to Enbridge.

They’re focused on overseeing this business on behalf of shareholders and they hold management to account.

In particular, I’d like to recognize two highly accomplished people who have been role models for us.

Greg mentioned Rebecca Roberts and Pamela Carter, but I’d like to say a few words from management and our people.

Becky Roberts has been a strong influence on our staff.

Her commitment to operational excellence has made a big impact and focused our attention on safety more than ever.

Thank you Becky, you will be missed around the Board table, but also by our leadership team and our people.

And Pamela Carter’s Sandra Day O’Connor Excellence Award.

Pamela receiving this award is a huge inspiration not only to women, but to all of us at Enbridge.

Congratulations Pamela.

**Closing**

In closing, I’ll come back to where I started.

The people of Enbridge are passionate about our purpose and about what they do.

They’re owners of the business just like you and I, they’re committed to keeping communities and the public safe.

Most important, they live our values of safety, integrity and respect every day.

With that, I’ll open it up to questions.