Credit Opinion: Enbridge Inc.

Enbridge Inc.

Calgary, Alberta, Canada

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Subordinate Shelf	(P)Baa2
Preferred Stock -Dom Curr	Baa3
Enbridge Energy Partners, L.P.	
Outlook	Negative
Issuer Rating	Baa2
Senior Unsecured	Baa2
Jr Subordinate	Baa3
Commercial Paper	P-2
Enbridge Income Fund	
Outlook	Stable
Senior Unsecured -Dom Curr	Baa2
Subordinate Shelf	(P)Baa2
Enbridge Energy Limited Partnership	
Outlook	Negative
Senior Unsecured	Baa1
Subordinate Shelf	(P)Baa2

Contacts

Analyst	Phone
Allan McLean/Toronto	416.214.3852
William L. Hess/New York	212.553.3837

Key Indicators

Enbridge Inc.

	[1]**LTM**	**2007**	**2006**	**2005**	[2]**2004**	[2]**2003**
Total Assets (C$ billions)	**$20.60**	**$19.80**	**$18.40**	**$17.20**	**$14.90**	**$13.90**
NPATBUI (C$ millions) [3]	**$670.90**	**$650.80**	**$614.30**	**$556.30**	**$551.80**	**$441.40**
EBIT/Interest (x)	**2.5x**	**2.4x**	**2.4x**	**2.4x**	**2.8x**	**2.6x**
Debt/Book Capitalization (Ex. Goodwill) (%)	**61.80%**	**62.80%**	**63.80%**	**63.90%**	**61.90%**	**62.70%**
RCF/Debt (%)	**8.20%**	**7.90%**	**7.40%**	**9.70%**	**7.70%**	**8.10%**
ROE (NPATBUI)/Avg. Equity (%)	**12.70%**	**13.40%**	**14.10%**	**13.70%**	**14.80%**	**13.10%**

[1] Last twelve months to March 31, 2008. [2] For the year ended December 31, 2004, Enbridge Gas Distribution (EGD) changed its year end to December 31st from September 30th. Accordingly, Enbridge's 2004 metrics incorporated 15 months of results of EGD. Prior to 2004, Enbridge's results included 12 months of results of EGD to September 30th of the same year i.e. Enbridge consolidated EGD on a one-quarter lagged basis. [3] Net Profit After Taxes Before Unusual Items.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Corporate Profile

Enbridge Inc. (ENB) is a diversified energy company with operations in a number of segments including Liquids Pipelines, Gas Pipelines, Sponsored Investments, Gas Distribution and Services and International. The company is predominantly a low risk oil and gas pipeline/gas distribution company with stable cash flows provided by its ownership and operation of the Enbridge System (one of North America's longest crude/liquids pipelines) and Enbridge Gas Distribution (EGD, Canada's largest gas distribution utility).

ENB has one of the lowest business risk profiles among the companies in Moody's Diversified Gas peer group due to its significant focus on energy businesses that are either regulated or supported by long-term contracts. A key asset in ENB's portfolio is the Enbridge System which represents the National Energy Board (NEB)-regulated Canadian portion of the world's longest liquid petroleum pipeline system. The US portion of that system, referred to as the Lakehead System and regulated by the Federal Energy Regulatory Commission (FERC), is owned by Enbridge Energy Partners, L.P. (EEP). EEP is a US master limited partnership created and managed by ENB (ENB holds an approximate 14.7% interest in EEP in its Sponsored Investments segment). ENB's Sponsored Investment segment includes the Enbridge Income Fund (ENF) whose major investment is a 50% interest in the Canadian portion of the Alliance Pipeline whose capacity is subject to long-term contracts with a diverse group of shippers. ENF's other assets include liquids pipelines in Saskatchewan and Manitoba as well as small investments in alternative energy projects (waste heat recovery and wind generation). ENB also holds a 50% interest in the US portion of the Alliance Pipeline in its Gas Pipelines Segment. ENB's Gas Distribution and Services segment holds the Ontario Energy Board (OEB)-regulated EGD. This segment is also home to some of ENB higher business risk operations such as Tidal Energy Marketing (ENB's trading and marketing operation), Enbridge Gas Services (manages ENB's merchant capacity on its gas pipelines) and ENB's investment in the Aux Sable gas processing facility, however, these higher risk businesses comprise a very small component of ENB's overall operations. The Gas Pipeline segment holds ENB's interest in Alliance US, Vector Pipeline and Enbridge Offshore Pipelines located in the Gulf of Mexico. The principal remaining asset in the International segment is ENB's cost investment in OCENSA Pipeline, a crude oil pipeline and terminal facility in Colombia.

Recent Developments

On June 17, 2008, ENB closed the sale of its 25% equity interest in Compania Logistica de Hidrocarburos CLH, S.A. (CLH), a refined products transportation and storage network in Spain, for approximately CDN$1.38 billion. ENB has indicated that the proceeds of the disposition will be utilized to partially fund its numerous liquids pipelines expansion and development projects.

ENB continues to advance its many liquids pipelines projects. These include the Canadian portion of the $3 billion Alberta Clipper project, the C$300 million Line 4 Extension , and the US$2.3 billion Southern Access Expansion (EEP - US$2.1 billion, ENB - $200 million) all of which are expansions/extensions of the Enbridge/Lakehead System. Also progressing are the $2.3 billion Southern Lights Diluent line and the $2 billion Fort Hills Pipeline Expansion projects. These projects are part of what the company refers to as its first wave of growth opportunities and they are expected to require approximately $12 billion of capital (including expenditures at both ENB and EEP) during the period 2007 to 2011 inclusive.

ENB has also identified a further series of growth opportunities, which it refers to as the second wave. Since the second wave opportunities are currently in development and have not been commercially secured by ENB, it is possible that not all of these projects will be developed or be developed by ENB. That said, Moody's expects ENB to compete to secure as many of these projects as it can. ENB estimates that in total, this suite of potential opportunities could require up to $15 billion in capital spending with in-service dates during the period 2012 and beyond.

Rating Rationale

As described in detail in Moody's rating methodology for North American Diversified Gas Companies, Moody's focuses on the following four main rating factors in assessing the relative creditworthiness of diversified gas companies such as ENB: Scale, Quality of Diversification, Management Strategy & Financial Policy and Financial Strength. It is Moody's intent that in applying this methodology, investors should be able to derive a rating indication that is within two notches of the company's published rating in most instances.

FACTOR 1: SCALE (10% weighting)

1. Total Assets (5% weighting) - ENB benefits from a large and growing asset base and it rates highly (Aaa) against its diversified peers in terms of this sub-factor. With total assets of over $20 billion as at March 31, 2008, ENB is among the largest companies in Moody's Diversified Gas peer group although a number of companies such as Spectra Energy Capital and TransCanada PipeLines are larger.

2. Net Income (5% weighting) - With an annual net income of $670.9 million for the last twelve months ended March 31, 2008, and a three year average of $551.8 million, ENB also compares favorably (Aa) relative to its diversified gas peers.

FACTOR 2: QUALITY OF DIVERSIFICATION (20% weighting)

1. Scale of Unregulated Exposure (10% weighting) - ENB's scale of unregulated exposure as measured by

percentage of unregulated operations compares favorably (Aaa) to that of its peer group. ENB's ratings reflect the company's strong focus on businesses that benefit from regulatory or contractual support and therefore tend to generate stable, predictable cash flows. According to ENB, over 80% of its earnings are derived from cost-of-service utilities, long-term take-or-pay contracts or tolling agreements with throughput protection. In addition, ENB manages its exposure to commodity prices, interest rates and foreign exchange rates in accordance with relatively conservative board-approved risk management policies. ENB states that it is the company's policy to manage its earnings at risk (EaR) to 5% or less after hedging.

2. Degree of Business Risk (10% weighting) - ENB scores in the Baa range on this sub-factor. In large measure, this scoring reflects ENB's exposure to the gathering and processing sector, primarily through its ownership of EEP. However, it also reflects the fact that EGD, ENB's largest subsidiary, is exposed to a degree of weather risk and is allowed a relatively low ROE by its regulator, the OEB. ENB's ratings reflect the large scale and good quality of diversification of its asset base across business segments and geographies. ENB's Gas Distribution & Services and Liquids Pipelines segments account for approximately 42% and 27% respectively of ENB's total assets while Gas Pipelines represent a further 10.3%. The diversity of ENB's assets across Canada, the United States and, to a smaller extent, internationally provides a degree of regulatory diversification and can reduce cash flow volatility.

FACTOR 3: MANAGEMENT STRATEGY & FINANCIAL POLICY (10% weighting)

ENB scores in the A category on this sub-factor. To some degree ENB's financial policy reflects the decisions of its regulators, in terms of deemed capital structure and allowed returns on equity. Typically, Canadian regulators deem a more leveraged capital structure and allow less robust returns on equity than is common in the US. Historically, Moody's has viewed the resulting weaker financial profile as being largely offset by a generally more supportive regulatory and business environment in Canada. However, as ENB continues to grow and become more continental in nature, the benefit of the "Canadian ratings lift" to the overall ENB rating diminishes and must be offset by a stronger financial profile to maintain the overall credit profile.

Moody's believes that the complexity of ENB's organization and financing structure through the use of MLP/Income Fund vehicles and non-recourse debt is a relative credit weakness. ENB's ratings also reflect the fact that debt at the ENB level is structurally subordinate to significant amounts of debt at the subsidiary level including EGD and Enbridge Pipelines as well as debt of sponsored investees ENF (Alliance Pipeline) and EEP. Moody's notes that ENB's rating recognizes that while ENB's debt is structurally subordinate to that of its subsidiaries and investees, there are no significant ring fencing restrictions at the subsidiaries and cash is managed on a centralized basis. In Moody's view, this tends to align the credit profiles of ENB and its subsidiaries more closely than would be the case if strong ring fencing provisions, such as those between Terasen Gas Inc. (A3 senior unsecured) and Terasen Inc. (Baa2 senior unsecured), were to exist.

FACTOR 4: FINANCIAL STRENGTH (60% weighting)

While Moody's believes that ENB's business risk profile is one of the lowest among its diversified gas peers, its low business risk profile is offset by its relatively weak financial profile. Historically, ENB has operated with significantly higher leverage (RCF/Debt in the high single digits) than many of its Diversified Gas peers including TransCanada PipeLines (low teens) and Spectra Energy Capital (about 10%). ENB has also generated weaker coverage (EBIT/Interest of 2.4x) than its Diversified Gas peers such as Spectra Energy Capital (about 3x) and TransCanada PipeLines (2.6x). Moody's believes that ENB's financial strength metrics, which Moody's expects to remain relatively weak during its significant organic growth phase, are generally in the Ba category. Considering the combined 60% weight assigned to the financial strength metrics described below, the financial profile of a diversified gas company is an important determinant of the rating methodology model outcome.

Moody's rating methodology considers the following credit metrics to be important indicators of the financial strength of diversified gas companies:

1. EBIT/Interest Expense (15% weighting) - ENB's EBIT/Interest Expense scores within the Ba range, with the three year average measuring approximately 2.4 times. Historically, the interest coverage ratio has trailed that of its peers and it is expected to weaken until some of ENB's organic growth projects start contributing to the company's earnings and cash flow.

2. Debt to Book Capitalization (15% weighting) - ENB's Debt to Capitalization (Excluding Goodwill) has historically been high (three year average of over 61%) and therefore scores in the Ba category. This is not expected to improve until ENB's current organic growth phase winds down and even then, Moody's does not expect it to fall substantially below 60%.

3. Retained Cash Flow to Debt (15% weighting) - With a three year average of roughly 8.7%, Retained Cash Flow to Debt also scores within the Ba range and while it is expected to weaken further during ENB's current organic growth phase, Moody's expects that it will remain in the Ba category.

4. Return on Equity (15% weighting) - Return on Equity scores within the A range, with a three year average of approximately 13%. Again Moody's expects some weakening in this metric during ENB's build phase, after which it should begin to show some improvement, all else being equal.

RATING METHODOLOGY IMPLIED RATING

Based on data for the three year period ended March 31, 2008, Moody's rating methodology model indicates a rating in the Baa1 range for ENB, identical to the senior unsecured rating assigned by Moody's rating committee.

Liquidity Profile

In evaluating a company's liquidity, Moody's typically assumes that the company loses access to new capital, other than debt available under a company's committed credit facilities, for a period of 12 months. In this context, we then evaluate the company's various sources and uses of cash including the flexibility to defer or reduce uses of cash such as capital expenditures and dividends.

Historically, ENB has relied on a combination of external funding and asset monetization to supplement internally generated funds in funding its organic and acquisition-related growth and its debt maturities. Moody's expects that this will continue for the foreseeable future. ENB is expected to generate FFO in the range of approximately $1.3 billion in 2008. After dividends of approximately $480 million, ENB is expected to generate retained cash flow of roughly $800 million in 2008.

ENB's 2008 capital expenditures and working capital requirements are expected to be approximately $4.2 billion. Given debt maturities of approximately $600 million, ENB is expected to have a funding requirement of roughly $4 billion in 2008.

Moody's expects the 2008 funding requirement to be met in part with the ENB's December 31, 2007 cash balance of $167 million and the net proceeds after debt retirement of approximately $800 million from the sale of ENB's 25% interest in CLH which closed in June 2008. Moody's anticipates that the balance of the funding requirement will be satisfied from some combination of capital markets offerings, potential asset monetizations and drawings on credit facilities. If, as is assumed in Moody's liquidity stress scenario, ENB were to rely solely on its credit facilities to satisfy its net funding requirements, Moody's anticipates that ENB will have sufficient committed bank credit available to it.

ENB, directly and through its wholly owned subsidiaries, has access to committed credit facilities totaling approximately $6.15 billion whose ultimate maturities extend beyond the 12 month horizon used in Moody's liquidity stress scenario. These include a $1.5 billion facility with a five-year evergreen maturity, two five - year revolving credit facilities that total US$600 million, a $1.75 billion facility with a 364-day maturity and one-year term out at ENB's option, a $300 million facility at Enbridge Pipelines Inc (EPI) with a 364-day maturity and one-year term out at EPI's option, a $1 billion facility at EPI expiring in January 2011, and a $1 billion facility at Enbridge Gas Distribution (EGD) with a 364-day maturity subject to a one-year term out at EGD's option. As at March 31, 2008, availability under the various committed credit facilities was approximately $3.75 billion, given ENB's total consolidated commercial paper and bank debt outstandings of approximately $2.4 billion. Over the last year ENB has upsized several of its credit facilities to support its portfolio of development projects.

None of ENB's bank facilities contains a Material Adverse Change (MAC) clause that would restrict availability of the facility although there is a requirement to notify the lenders in the event of a MAC. Similarly, none of the agreements contains ratings triggers, other than pricing grids. Certain of the credit agreements contain financial covenants including requirements that ENB maintain minimum consolidated equity of $1.0 billion and that ENB debt/equity not exceed 1.5x on a non-consolidated basis.

In addition to funds available under its committed credit facilities, ENB can, subject to market conditions, access the public market under its various debt shelves. ENB has a $2 billion MTN Shelf which was filed in June 2008 and a US$2.0 billion U.S. universal shelf (US$1.2 billion remaining as of July 7, 2008). ENB's 100% subsidiary, EGD, filed a $600 million MTN Shelf on May 28, 2008. As of July 7, 2008, $600 million remained available under the EGD shelf.

Rating Outlook

The rating outlook is stable reflecting Moody's expectation that ENB will be highly motivated to prevent any material weakening in its financial profile. While Moody's believes that there are potential financing and execution risks associated with ENB's substantial organic growth plans, these risks are consistent with a Baa1 rating.

What Could Change the Rating - Up

An increase in ENB's rating is not considered likely in the near term. An upgrade could be considered once ENB has completed one or more of its larger growth projects and those projects begin generating cash flow such that ENB's financial strength indicators are strongly positioned in the Baa category e.g. EBIT/Interest Expense ~4X, Debt/Capitalization (Excluding Goodwill) below 60% and RCF/Debt in mid to high teens.

What Could Change the Rating - Down

Significant cost overruns that are borne by ENB or adverse regulatory decisions such as any further reductions in allowed ROEs at EGD such that ENB's financial strength metrics move to or below the low end of the Ba category e.g. EBIT/Interest Expense ~2X, Debt/Capitalization (Excluding Goodwill) in mid-60s and RCF/Debt ~6%.

Rating Factors

Enbridge Inc.

Rating Factors and Sub-Factors [1]	**Aaa**	**Aa**	**A**	**Baa**	**Ba**
Factor 1: Scale (10% weighting)					
NPATBUI (C$ millions) (5%) [2]		$551.80			
Total Assets (C$ billions) (5%)	$20.10				
Factor 2: Quality of Diversification (20% weighting)					
Scale of Unregulated Exposure (10%)	X				
Degree of Business Risk (10%)				X	
Factor 3: Management Strategy & Financial Policy (10% weighting)					
Management Strategy & Financial Policy (10%)			X		
Factor 4: Financial Strength (60% weighting)					
EBIT/Interest Expense (x) (15%)					2.4x
Debt/Book Capitalization (Excluding Goodwill) (15%)					61.50%
RCF/Debt (%) (15%)				8.70%	
ROE (%) (15%)			12.90%		

[1] Three year averages (2005-2007) [2] Net Profit After-Taxes Before Unusual Items

address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moodys.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

STANDARD & POOR'S

Global Credit Portal
RatingsDirect®

November 19, 2009

Enbridge Inc.

Primary Credit Analyst:
Kenton Freitag, CFA, Toronto (1) 416-507-2545; kenton_freitag@standardandpoors.com

Table Of Contents

Enbridge Inc.

Major Rating Factors

Corporate Credit Rating
A-/Stable/--

Strengths:

- Strong competitive position in liquids transportation and natural gas transmission and distribution
- Low-risk regulated operations, with limited commodity exposure
- Conservative project management and investment criteria
- Supportive regulation

Weaknesses:

- High leverage

Rationale

In Standard & Poor's Ratings Services' opinion, the ratings on Calgary, Alta.-based Enbridge Inc. reflect the strong market position of the company's two major subsidiaries, Enbridge Pipelines Inc. (A-/Stable/--) and Enbridge Gas Distribution Inc. (A-/Stable/--); the company's significant regulated and long-term contracted cash flows; and its conservative operational risk management. We believe high leverage offset these strengths.

Enbridge is a holding company with wholly and partially owned subsidiaries that focus primarily on owning and operating natural gas and oil pipelines in North America. Enbridge Pipelines principally undertakes crude oil transportation, while gas distribution is largely the domain of Enbridge Gas. Liquids pipelines provide about 45% of the group's earnings, and gas distribution represents approximately 28%. Sponsored investments, gas transmission, and international investments make up the rest.

Enbridge Pipelines operates the world's longest crude oil and liquids pipeline: the Enbridge System in Canada and the Lakehead System in the U.S. Enbridge Pipelines owns the Enbridge System; one of Enbridge's sponsored investments, Enbridge Energy Partners L.P. (EEP; BBB/Stable/A-2), owns the Lakehead System. The Enbridge System is the dominant pipeline out of Canada's largest oil-producing region, transporting about two-thirds of western Canada's crude oil production. The pipeline provides crude oil transportation services to the U.S. Midwest and transports about 11% of total U.S. oil imports. We believe the Enbridge system will benefit from the positive near-to-medium-term supply fundamentals for crude oil, with significant growth in liquids supply from Alberta oil sands projects supporting sustainability of pipeline throughput. Behind the pipeline's competitive position are the limited alternatives for transportation of western Canadian crude production into the U.S., attractive netbacks to producers, favorable tolls, demonstrated shipper support, and the shortest delivery times into the U.S. Midwest. Returns are stable and fairly predictable due to mature cost-of-service regulation with no sensitivity to volume fluctuations.

Enbridge Gas is the largest natural gas distributor in Canada, serving more than 1.9 million customers in central and eastern Ontario. Its monopoly position supports its strong business risk profile, in our opinion. The company has one of the most attractive gas utility franchises in Canada, characterized by favorable growth prospects, a high population density, and a fair regulatory system. We believe ongoing strong demand for natural gas in the near-to-medium term will continue to enhance the company's business risk profile. While volume fluctuations (which are largely weather-driven) can affect returns in any given year, we view the long-term earnings from the system as stable and predictable.

Direct cash flows from regulated and contracted positions that will represent 80%-85% of normalized EBITDA in the next few years underpin the company's debt-servicing capacity. Furthermore, more than 90% of cash flows come from regulated businesses. The long-term nature of the contracted cash flows and regulated returns provides cash-flow stability and security such that Standard & Poor's expects little earnings volatility in the next few years.

Enbridge's conservative approach to risk mitigation permeates its operations, in our opinion. Although aggressive in its growth appetite, the company has limited operational risk appetite, as it generally focuses on low-risk gas networks and liquids pipelines. Enbridge assumes minimal commodity price and volume exposure, and it limits its financial risk through hedging and active liability management.

We believe Enbridge's consolidated interest and debt cash flow coverage are currently tight but should gradually improve during the next few years. In the absence of any material debt-funded asset or business acquisition, funds from operations (FFO) interest coverage and FFO-to-average total debt should be about 3.0x-3.5x and 12%-14%, respectively, in the next few years. Leverage, as measured by total debt-to-total capital, including nonrecourse debt minus short-term funding associated with gas-in-storage is expected to range from 60%-62% in the next few years.

At this time, our financial risk and business risk profile evaluations on Enbridge do not explicitly consolidate those on EEP. Enbridge has an ownership interest of 27% in this U.S.-based master L.P., and EEP's U.S. crude pipeline system is very important strategically to the parent company. Historically, Enbridge has periodically participated in EEP's equity issuance and currently has extended a US$500 million credit line to assist with its intensive capital expenditure program. We will continue to monitor the support that Enbridge provides to EEP recognizing the pressure it could place on the parent's own liquidity.

Enbridge is emerging from a period of large capital investment in new pipelines; its asset base has increased by about 60% in the past four years. To date, project execution has been very good and consistent with Enbridge's historical track record. The new pipelines' expected returns will not be subject to volume or commodity risks and debt capital funding costs are passed through to shippers tolls. These projects will further strengthen Enbridge's already diverse asset portfolio and improve its business risk profile.

Liquidity

Enbridge's liquidity is satisfactory for the ratings:

- We expect the company to be modestly free cash flow positive in 2010 (before dividends).
- The company has demonstrated consistently strong access to debt markets; we do not currently foresee difficulties in its plans to issue debt in the next year to refinance maturities or term out short-term borrowings.
- In our opinion, the company has good access to equity markets. While we do not expect that Enbridge will need to access equity markets in the next year, it is a potential source of liquidity.
- The company maintains about C$3 billion of available committed credit lines (net of the C$500 million in credit lines that Enbridge has made available to EEP), and substantial covenant headroom.

Outlook

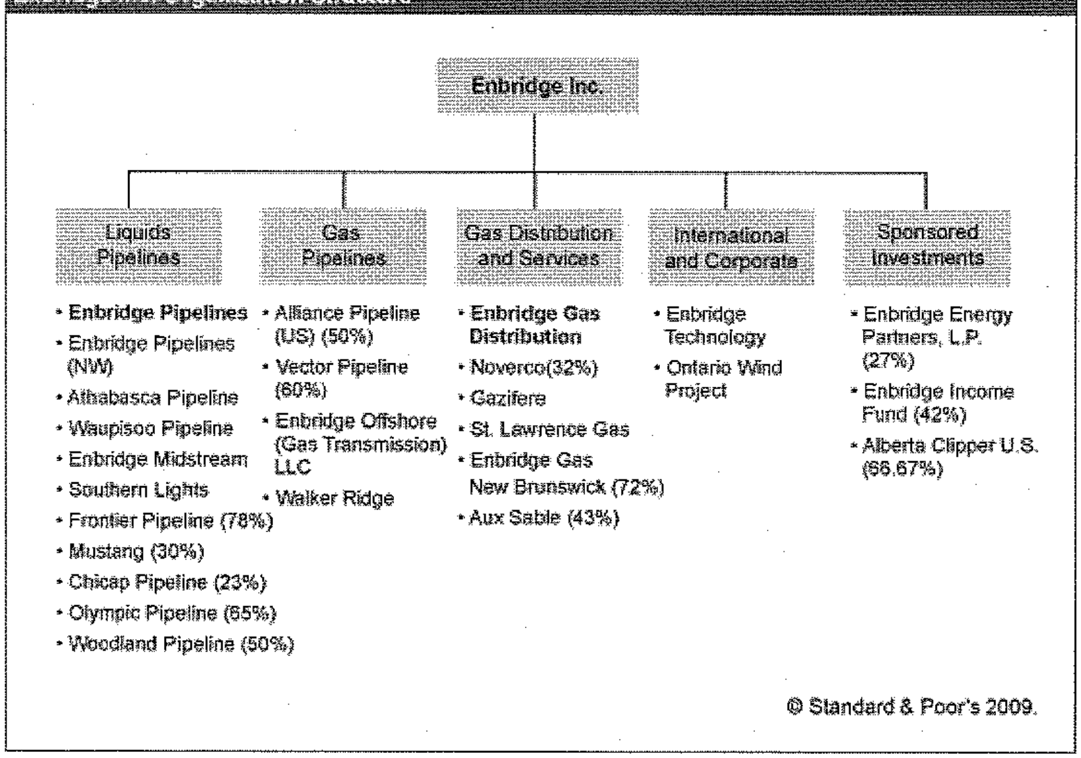
The stable outlook reflects our expectation that Enbridge's operations will continue to provide a stable and predictable income stream. A negative outlook or downgrade could result from a decision to increase the company's leverage--although management has not indicated that it is contemplating this. We could revise the outlook to positive or raise the ratings if there is continued sound project execution and improvements in key credit measures.

Business Description

Enbridge is a large, diverse holding company (see chart). Its operations center largely on transporting crude oil south from Canada to the U.S. Midwest; transporting natural gas to the U.S. Midwest, Gulf coast, and eastern Canada; and distributing natural gas in Ontario, Quebec, and New Brunswick. Enbridge retains a 27% ownership interest in EEP, a U.S. master limited partnership that transports liquid petroleum products and natural gas, and owns natural gas gathering, treatment, and processing operations in the U.S. Enbridge also holds a 42% interest in Enbridge Income Fund (EIF; not rated), which partially owns Alliance Pipeline L.P. (senior secured debt rating 'BBB+/Stable'). Enbridge manages the day-to-day operations and strategic direction of EEP and EIF.

Enbridge is a publicly traded company. There are four primary business units: liquids pipelines, which Enbridge Pipelines dominates; gas distribution and services, which Enbridge Gas dominates; gas pipelines, which include the company's Gulf of Mexico offshore assets and the company's interests in the Alliance and Vector pipelines; and sponsored investments, specifically EEP and EIF. The company previously had an international segment, but in the past two years, it has divested these holdings to fund its North America growth.

Enbridge Inc. Organization Structure



758226 | 301067911

Rating Methodology

The ratings on Enbridge and its subsidiaries reflect Standard & Poor's consolidated rating methodology. The ratings reflect a consolidated business risk profile that captures the business risk and cash flow of the company's various subsidiaries, including its regulated operations. The consolidated rating methodology is appropriate, given the intercompany investments between Enbridge and its wholly owned subsidiaries, Enbridge Pipelines and Enbridge Gas. As a result, the corporate credit ratings on Enbridge's wholly owned subsidiaries, Enbridge Pipelines and Enbridge Gas, are the same as those on the parent.

Enbridge issues debt at its subsidiaries as well as directly at the holding company level. Enbridge does not typically guarantee its subsidiaries' debt. We do not structurally subordinate the debt at Enbridge as we view that substantial diversity of subsidiary holdings available to service the debt at the holding company as offsetting the structural subordination. We do, however, rate Enbridge's preferred stock two notches lower, at 'BBB', to reflect its weaker claim to debt in bankruptcy.

Excellent Business Risk Profile

Table 1

Enbridge Inc.--Financial Performance

Earnings (mil. C$)	2008	2007	2006
Liquids pipelines			
Enbridge system	211.5	203.7	202.3
Athabasca system	69.1	53.7	52.8
Spearhead pipeline	12	10	6.3
Olympic pipeline	7.1	9.9	6.5
Southern Lights pipeline	27.6	6.8	N/A
Feeder pipelines and other	0.7	3.1	6.3
Gas pipelines			
Alliance Pipeline U.S.	27.7	27.7	29.7
Vector pipeline	14.2	14.9	13.4
Enbridge offshore pipelines	6.6	27.1	18.1
Sponsored investments			
Enbridge Energy Partners	69.3	55.8	43
Enbridge Income Fund	42.4	41.1	43.8
Gas distribution and services			
Enbridge Gas Distribution	143.6	155.6	90.7
Noverco Inc.	20.4	18.6	22.7
Enbridge Gas New Brunswick	14.7	12.1	9.8
Other gas distribution	7.6	7.3	6.5
Energy services	33.7	3.6	10.1
Aux Sable*	82.8	(17.5)	25.8
Others	(2.2)	(0.3)	8.1

Table 1

Enbridge Inc.--Financial Performance (cont.)			
International			
Compania Logistica de Hidrocarburos (CLH)	24.7	60.4	54.5
Oleoducto Central S.A./CITCol	32.7	32.9	33.9
Other	(5.3)	(3.4)	(5.2)
Gain on sale of CLH	556.1	5.2	N/A
Corporate			
Total corporate	(76.2)	(28.1)	(63.7)
Total	1320.8	700.2	615.4

N/A--Not applicable.

*Aux Sable includes unrealized drivative fair value gain (loss). N/A--Not applicable.

Liquids pipelines

Enbridge System. The Enbridge System consists of the Canadian portion of the mainline system that transports oil from Alberta to the U.S. and eastern Canada. The system has an excellent competitive position; it is the largest oil pipeline linking conventional oil production and unconventional oil sands production with the U.S. market (for more information, please see "Canada's Oil Sands: Transforming Pipeline Infrastructure In Western Canada," published March 12, 2007, on RatingsDirect). The system is running near-capacity. However, we expect new pipelines to come onstream in the next few years to serve expected production growth from the oilsands. Given that oil sands production will likely expand slower than expected, the new projects will introduce a higher degree of competitiveness. However, we do not expect large volume declines on the Enbridge System and note that the regulatory system, which insulates profitability from volume variations, will protect the system's profitability (see table 1).

Canada's National Energy Board (NEB) formally regulates the system. However, since 1995, the system has operated under a series of negotiated agreements (referred to as an incentive tolling settlement). These agreements provide revenue assurance through volume guarantees, but the returns will still be less stable than strict cost-of-service regulation. Enbridge has a history of renewing these agreements. It has also demonstrated strong upward-trending earnings from the system--although this is due in part to system additions.

The incentive agreement expires at the end of 2009; based on producer and Enbridge satisfaction with the framework, we would expect the incentive tolling system to continue beyond then. Failure to achieve agreement would likely result in a return to strict cost-of-service regulation under the NEB.

Athabasca system. The Athabasca system consists of two pipelines and related facilities that link the oilsands with terminals in Edmonton and Hardisty, Alta. The system benefits from long term take-or-pay shipping contracts with strong counterparties. We expect returns to be relatively stable as the tolls under the contract are based on providing a specific return on equity--although returns could fall below expectations if operating costs exceed levels assumed in the agreement.

Other pipelines. Enbridge owns the Spearhead pipeline (an oil pipeline that connects Chicago to Cushing, Okla.), the NW system (an oil pipeline that connects oil production from the Northwest Territories with Alberta); and a 65% interest in the Olympic system (a refined products pipeline that operates in the Washington state). Collectively, the earnings from these lines are quite small. The Spearhead pipeline, however, is a very strategic asset that provides a platform that will deeper extend Enbridge's market reach into the critical oil hub at Cushing.

Gas pipelines

Alliance Pipeline U.S. The Alliance Pipeline U.S. connects gas production in western Canada with markets in the Midwestern and Northeastern U.S. The pipeline has firm shipping contracts that underpin the steady and predictable earnings. However, the shipping contracts can expire or be renewed in 2015 (with five years notice on renewal). Given natural gas' mature production profile in western Canada, it is possible that there will be excess gas capacity from this basin. Accordingly, there is a risk that contracts will not be renewed, or renewed with material reductions in rates, which would negatively affect profitability past 2015.

Vector Pipeline. The Vector pipeline runs between Chicago and a major storage facility in Dawn, Ont. The pipeline benefits from shipping contracts for 70% of its capacity. However, as with Alliance, the contracts could expire in 2015 or could suffer from less favorable renewals.

Enbridge Offshore. Enbridge Offshore is a system of natural gas gathering and transmission lines in the Gulf of Mexico. Earnings from this system are volume-sensitive, and earnings can fluctuate due to bad weather (related to shutdowns) and the mature production profile in this region.

Sponsored investments

Enbridge Energy Partners. EEP is a U.S.-based limited partnership that owns and operates crude oil pipelines and natural gas gathering and processing facilities. The company operates the Lakehead system, which connects with the Enbridge System at the Canada/U.S. border. Enbridge is the general partner and owns a 27% interest in EEP.

EEP's earnings are subject to changes in volumes. However, as with the Enbridge System, the Lakehead system is facing a strong outlook due to projected growth in oilsands supply. Natural gas volumes are somewhat more uncertain.

As with Enbridge, EEP is expanding its oil pipeline system to accommodate increasing supplies of crude from western Canada. This will contribute to increased earnings, when completed. However, in the next year, the company will face higher risks from project execution and the need to maintain costs near budgeted estimates in an inflationary environment.

Enbridge Income Fund. EIF owns a 50% interest in the Canadian portion of the Alliance Pipeline, an oil gathering and transmission system in southeastern Saskatchewan, three wind projects, and a waste heat generating system. Enbridge has a 42% interest in the fund. The fund has performed well, but the issues concerning the lack of shipping contracts beyond 2015 on the Alliance Pipeline presents a risk to projected earnings.

Gas distribution and services

Enbridge Gas Distribution Inc. Enbridge Gas Distribution is regulated, and serves areas in central and eastern Ontario (including Toronto and Ottawa). The company's earnings have recently transitioned to an incentive regulatory structure; we expect that this will modestly increase earnings volatility but that will still provide for a relatively predictable rate of return on equity. The lack of weather normalization will also affect earnings volatility; earnings can drop during years in which volumes are well below-average (particularly due to warmer-than-average winters).

Noverco Inc. Enbridge owns a 32% interest in Noverco; it, in turn, owns a 71% interest in Gaz Metro L.P. (A-/Stable/--), which is the primary distributor of natural gas in Quebec and Vermont. Supporting stable earnings are cost-of-service regulation with weather normalization. However, the company faces greater competitive pressures from cheaper forms of energy (particularly electricity) in Quebec.

Aux Sable Canada L.P. Enbridge has a 43% interest in Aux Sable, a natural gas liquids (NGL) extraction facility that is fed by the Alliance Pipeline near Chicago. Aux Sable has a contract with BP Products North America Inc. (AA/Stable/--) for its NGL production. BP pays Aux Sable a fixed fee and a share of profits above a certain level, and reimburses Aux Sable for all operating, maintenance, and capital costs (subject to some limits on capital costs). The agreement, which greatly reduces downside risk to the company, extends to at least 2026 (although BP has the right to cancel the agreement is losses exceed a certain level). During periods of high fractionation margins (which generally occur when natural gas prices are low relative to crude oil prices), the earnings form this business can well exceed floor levels that the agreement provides for.

Other entities

Other entities, which make up about 10% of this segment's earnings, include some smaller gas distribution companies for which earnings are reasonably stable.

Moderating growth profile

Enbridge is emerging from a period of intense organic growth as it has added several new projects and pipelines to its operations. The company's execution during this period has been good with almost all projects coming in on time and at or below budget.

We expect growth pressures to moderate for the next few years as the number of opportunities for major capital projects in the sector are declining. We also expect the company's focus to fall more on smaller regional pipelines.

Profitability and diversity

Enbridge's profitability has been rising, benefiting from a large number of organic growth opportunities. The profit base is quite solid, in our opinion, as most earnings from its subsidiaries are either directly regulated or benefit from long-term contracts that provide floor levels of profitability.

Diversity is good, in our view, with a sold earnings base from regulated energy transportation and distribution assets that will somewhat offset development risks on their liquid pipeline projects.

Intermediate Financial Policy

Enbridge's targeted financial parameters reflect a moderately aggressive financial risk profile but a reasonably conservative approach to financial risk management. The parameters include:

- Adjusted debt capitalization of about 60%-65%, excluding the nonrecourse debt of EIF and Alliance Pipeline;
- Floating-rate debt as a proportion of total term debt of less than 25%;
- Maximum annual term debt maturities of less than 15% of total term debt;
- A common dividend payout of 60%-70%; and
- A very low tolerance for earnings variability.

Significant Financial Risk Profile

Accounting

Enbridge reports in Canadian dollars and its financial statements are prepared in accordance with Canadian generally accepted accounting principles. The company's year-end financial statements dated Dec. 31, 2008, were the basis of our review.

To better reflect Enbridge's assumed financial risk, Standard & Poor's makes an offsetting adjustment to its total debt outstanding for the amounts relating to purchased gas-in-storage. The company's commercial paper program finances gas-in-storage amounts, and, as such, reports it as part of short-term debt. Given our expectation of full commodity cost recovery under the Ontario Energy Board's provisions and to eliminate the seasonality, we remove the amounts from short-term debt and total assets. Enbridge had total reported consolidated debt of C$13.2 billion in 2008; however, following the adjustment to short-term debt to reflect gas-in-storage, the total debt that we used for analysis and ratio calculations was C$12.6 billion. Standard & Poor's treats Enbridge's nonrecourse debt as recourse.

Cash flow adequacy

The company's growth-related capital expenditures were a significant cash drain from 2007-2009 but we expect this to materially subside in 2010 and beyond. Accordingly, based on currently identified projects, we expect the company to return to positive free cash flow generation for at least the next two years.

Reflecting the full consolidation of Alliance Pipeline and EIF, FFO interest coverage should range from 3.0x-3.5x in the next few years, while FFO-to-average total debt should trend toward 15%.

Weakening Enbridge's cash flows somewhat is a reliance on subordinated distributions from affiliates in which the company does not have 100% ownership and ultimate control of cash flows. Close to 20% of 2008 EBITDA comes from sponsored investments, international holdings, and a number of smaller liquids and gas pipelines.

Liability management and capital structure

Enbridge's total consolidated debt outstanding is currently about C$13.3 billion and should increase modestly in the next few years. Adjusted leverage, however, should remain within Enbridge's 60%-65% target. Its well-spread debt maturity profile reduces pricing and funding risk surrounding debt refinancing.

Table 2

Enbridge Inc.--Peer Comparison*

Industry Sector: Gas			
	--Average of past three fiscal years--		
(Mil. C$)	**Enbridge Inc.**	**TransCanada PipeLines Ltd.**	**Fortis Inc.**
Rating as of Nov. 19, 2009	A-/Stable/--	A-/Stable/--	A-/Stable/--
Revenues	12,898.4	8,322.3	2,694.3
Net income from cont. oper.	885.7	1,248.3	219.1
Funds from operations (FFO)	1,253.1	2,692.6	501.3
Capital expenditures	2,319.1	2,157.9	701.6
Cash and short-term investments	282.7	735.0	55.0
Debt	10,672.7	19,564.0	4,910.9
Preferred stock	62.5	648.5	275.7
Equity	6,066.6	10,936.6	2,665.9
Debt and equity	16,739.3	30,500.6	7,576.8
Adjusted ratios			
EBIT interest coverage (x)	2.5	2.3	1.9
FFO interest coverage (x)	3.0	2.9	2.7
FFO/debt (%)	11.7	13.8	10.2

Table 2

Enbridge Inc.--Peer Comparison* (cont.)

Discretionary cash flow/debt (%)	(13.4)		(1.7)	(7.8)
Net cash flow/capex (%)	36.4		88.6	50.7
Total debt/debt plus equity (%)	63.8		64.1	64.8
Return on common equity (%)	16.0		12.6	9.2
Common dividend payout ratio (unadjusted; %)	46.1		59.5	60.4

*Fully adjusted (including postretirement obligations).

Table 3

Enbridge Inc.--Financial Summary*

Industry Sector: Gas

	--Fiscal year ended Dec. 31--				
(Mil. C$)	**2008**	**2007**	**2006**	**2005**	**2004**
Rating history	A-/Stable/--	A-/Stable/--	A-/Stable/--	A-/Stable/--	A-/Stable/--
Revenues	16,131.3	11,919.4	10,644.5	8,453.1	6,540.5
Net income from continuing operations	1,327.7	707.1	622.3	562.9	652.2
Funds from operations (FFO)	1,316.2	1,305.7	1,137.4	1,290.4	1,020.1
Capital expenditures	3,554.7	2,238.0	1,164.7	671.6	487.5
Cash and short-term investments	541.7	166.7	139.7	153.9	105.5
Debt	12,674.6	9,956.0	9,387.6	8,584.6	7,447.9
Preferred stock	62.5	62.5	62.5	62.5	62.5
Equity	7,218.1	5,827.0	5,154.7	4,779.1	4,375.5
Debt and equity	19,892.7	15,783.0	14,542.3	13,363.7	11,823.4
Adjusted ratios					
EBIT interest coverage (x)	2.7	2.4	2.4	2.4	2.5
FFO interest coverage (x)	3.0	3.1	2.9	3.3	2.9
FFO/debt (%)	10.4	13.1	12.1	15.0	13.7
Discretionary cash flow/debt (%)	(20.6)	(13.7)	(3.3)	(1.7)	1.0
Net cash flow/capex (%)	26.8	38.0	62.8	137.9	143.8
Debt/debt and equity (%)	63.7	63.1	64.6	64.2	63.0
Return on common equity (%)	20.3	12.9	13.8	13.7	17.4
Common dividend payout ratio (unadjusted; %)	27.2	64.6	65.5	64.9	48.9

*Fully adjusted (including postretirement obligations).

Table 4

Reconciliation Of Enbridge Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. C$)*

	--Fiscal year ended Dec. 31, 2008--								
Enbridge Inc. reported amounts	**Debt**	**Operating income (before D&A)**	**Operating income (before D&A)**	**Operating income (after D&A)**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Dividends paid**	**Capital expenditures**
Reported	13,222.0	2,027.1	2,027.1	1,368.7	550.8	1,387.7	1,387.7	366.1	3,635.7

Table 4

Reconciliation Of Enbridge Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. C$)* (cont.)

Standard & Poor's adjustments									
Intermediate hybrids reported as equity	62.5	N/A	N/A	N/A	3.5	(3.5)	(3.5)	(3.5)	N/A
Postretirement benefit obligations	46.4	(24.7)	(24.7)	(24.7)	N/A	2.6	2.6	N/A	N/A
Capitalized interest	N/A	N/A	N/A	N/A	81.0	(81.0)	(81.0)	N/A	(81.0)
Share-based compensation expense	N/A	N/A	32.0	N/A	N/A	N/A	N/A	N/A	N/A
Reclassification of nonoperating income (expenses)	N/A	N/A	N/A	379.8	N/A	N/A	N/A	N/A	N/A
Reclassification of working-capital cash flow changes	N/A	N/A	N/A	N/A	N/A	N/A	10.3	N/A	N/A
Minority interests	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gas in storage funding	(656.3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total adjustments	(547.4)	(24.7)	7.3	355.1	84.5	(81.8)	(71.5)	(3.5)	(81.0)

Standard & Poor's adjusted amounts	Debt	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Dividends paid	Capital expenditures
Adjusted	12,674.6	2,002.4	2,034.4	1,723.8	635.3	1,305.9	1,316.2	362.7	3,554.7

*Enbridge Inc. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts. D&A--Depreciation and amortization. N/A--Not applicable.

Ratings Detail (As Of November 19, 2009)*

Enbridge Inc.	
Corporate Credit Rating	A-/Stable/--
Commercial Paper	
Canadian National Scale Commercial Paper Rating	A-1(LOW)
Preferred Stock (1 Issue)	BBB
Canadian Preferred Stock Rating (1 Issue)	P-2
Senior Unsecured (16 Issues)	A-
Corporate Credit Ratings History	
25-Nov-2003	A-/Stable/--
18-Dec-2001	A-/Negative/--
23-Jan-2001	A/Negative/--
Business Risk Profile	Excellent
Financial Risk Profile	Significant

Ratings Detail (As Of November 19, 2009)*(cont.)	
Debt Maturities	
2010 C$600 mil. 2011 C$150 mil 2012 C$250 mil 2013 C$200 mil *Debt maturities include maturing debt at Enbridge Inc. and its wholly owned subsidiaries, Enbridge Pipelines Inc. and Enbridge Gas Distribution Inc., as well as debt guaranteed by Enbridge Inc.	
Related Entities	
Enbridge Gas Distribution Inc.	
Issuer Credit Rating	A-/Stable/--
Commercial Paper	
Canadian National Scale Commercial Paper Rating	A-1(LOW)
Preference Stock (1 Issue)	BBB
Canadian Preferred Stock Rating (1 Issue)	P-2
Senior Unsecured (16 Issues)	A-
Enbridge Pipelines Inc.	
Issuer Credit Rating	
Foreign Currency	A-/Stable/--
Local Currency	A-/Stable/NR
Commercial Paper	
Canadian National Scale Commercial Paper Rating	A-1(LOW)
Senior Unsecured (11 Issues)	A-

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

Rating Report

Report Date:
November 27, 2009

Previous Report:
November 28, 2008

Insight beyond the rating.

Enbridge Inc.

Analysts

Michael R. Rao, CFA
+1 416 597 7541
mrao@dbrs.com

Esther M. Mui, MBA, CMA
+1 416 597 7595
emui@dbrs.com

The Company

Enbridge Inc. is a diversified energy services company with operations in the following segments: Liquids Pipelines (47% of segment earnings in the 12-month period ending September 30, 2009), Gas Distribution and Services (29%), Sponsored Investments (16%), Gas Pipelines (7%) and International (1%). Noverco Inc. (Noverco), which is indirectly controlled by the Caisse de dépôt et placement du Québec, owns 10% of Enbridge Inc.

Commercial Paper Limit

$2.0 billion

Recent Actions

November 23, 2009
Confirmed all ratings and changed trends on long-term debt and preferred shares to Stable from Negative.

September 2, 2009
New MTN issues rated "A", Negative trend

July 20, 2009
Confirmed ratings and trends

May 5, 2009
New MTN issue rated "A", Negative trend

Rating

Debt	Rating	Rating Action	Trend
Commercial Paper	R-1 (low)	Confirmed	Stable
Medium-Term Notes & Unsecured Debentures	A	Trend Change	Stable
Cumulative Redeemable Preferred Shares	Pfd-2 (low)	Trend Change	Stable

Rating Update

DBRS has confirmed the Commercial Paper rating of Enbridge Inc. (Enbridge or the Company) at R-1 (low) with a Stable trend. Concurrently, DBRS has confirmed the Company's Medium-Term Notes & Unsecured Debentures and Cumulative Redeemable Preferred Shares ratings at "A" and Pfd-2 (low), respectively, with the trends changed to Stable from Negative.

The confirmations reflect continued progress on Enbridge's large multi-year capex program, which is expected to improve its business risk profile due to the heavy weighting of capex towards low-risk liquids pipelines projects.

The trend changes reflect DBRS's belief that Enbridge has passed the point of maximum risk with respect to deterioration of its credit metrics as a result of its multi-year capex program, and is on track to substantially improve its key credit metrics from current levels during 2010. In addition, DBRS expects the Company to further improve these ratios in 2011 and maintain these levels going forward in order to remain at the current long-term debt and preferred share ratings.

Enbridge's financial results in the nine months ending September 30, 2009 (9M 2009) are better than previously expected by DBRS, supported by earnings and cash flow from the Southern Access Mainline Expansion and Line 4 Extension projects, which were placed in service on April 1, 2009.
(Continued on page 2.)

Rating Considerations

Strengths

(1) Enbridge/Lakehead system is a low-cost crude oil pipeline from western Canada to PADD II (Chicago)
(2) Strong gas distribution and storage franchise in Ontario
(3) Regulated and diversified operations provide stable income from a strong asset base
(4) Large expansion projects support earnings growth

Challenges

(1) Large expansion pressuring credit ratios
(2) High financing requirements
(3) Competitive pressures from other Western Canada Sedimentary Basin (WCSB) pipelines and from alternative supply pipelines into Chicago
(4) Enbridge Gas Distribution Inc. (EGD) earnings are weather-sensitive

Financial Information

	Non-Consolidated		Consolidated					
Enbridge Inc.	For the year ended Dec. 31		9 mos. ended Sept. 30		12 mos. ended	For the year ended December 31		
(CAD millions where applicable)	2008	2007	2009	2008	Sept. 30, 2009	2008	2007	2006
Net income before extras (after pfd. divs.)	409.6	314.0	630.2	484.1	846.5	700.4	650.7	557.4
Cash flow (bef. working capital changes)	n.m.	n.m.	1,207.0	884.6	1,713.4	1,391.0	1,351.1	1,164.1
Return on common equity	7.5%	6.8%	12.5%	11.5%	13.0%	12.0%	13.5%	12.9%
Total debt in capital structure (1)	40.6%	41.3%	64.4%	62.7%	64.4%	65.8%	65.4%	67.1%
Adj. total debt in capital structure (2)	n.m.	n.m.	59.5%	58.1%	59.5%	60.7%	62.6%	63.9%
Cash flow/total debt (1)	10.6%	11.6%	12.1%	10.9%	12.9%	10.5%	12.9%	11.6%
Adj. cash flow/total debt (2)	n.m.	n.m.	14.0%	12.1%	15.3%	12.5%	13.8%	12.7%
(Cash flow - divs.)/net capex	n.m.	n.m.	0.35	0.25	0.31	0.25	0.39	0.64
EBIT interest coverage (times) (1)	2.64	2.61	2.23	2.26	2.45	2.49	2.22	2.29
Adj. EBIT interest coverage (times) (2)	n.m.	n.m.	2.51	2.54	2.87	2.92	2.43	2.55

(1) DBRS allocates debt and equity equivalents to preferred and minority interest. Non-consolidated ratios are based on external debt only. n.m. = not meaningful.
(2) Adjusted for proportional consolidation of Alliance Pipeline and consolidation of Southern Lights Pipeline project.

Enbridge Inc.

Report Date:
November 27, 2009

Rating Update (Continued from page 1.)

The Company has two major pipeline projects coming on stream in mid-2010 (the Alberta Clipper Project (Alberta Clipper) and Southern Lights Diluent Import Pipeline (Southern Lights)) that will generate significant earnings and cash flow from their in-service dates and support improvement in credit metrics in 2010 and 2011. DBRS believes that Enbridge is on track to substantially improve its key credit metrics during 2010 and 2011, and to maintain these levels going forward.

The Company's exposure to rising funding requirements as a result of a growing capex portfolio and potential cost overruns is significantly diminished relative to one year ago. While the Company's project economics are largely protected from cost overruns, Enbridge is exposed to the potential requirement for additional funding should cost overruns occur. DBRS notes that the Company has not announced any cost overruns with respect to its major projects over the past two years. Enbridge has $9.8 billion of capital spending (including maintenance capex) in its base consolidated capex plan for 2009 to 2013, of which $6.0 billion is related to liquids pipelines (supported by long-term contracts) and $3.8 billion consists of natural gas related and other projects (including renewable energy). Of this amount, approximately $2.3 billion has been spent during 9M 2009. The Company's latest base plan includes a net debt funding requirement of $3.0 billion (including $1.7 billion for refinancing of debt maturities) from Q4 2009 to year-end 2013, which is weighted to the Q4 2009 to year-end 2010 period. DBRS notes that the Company's previous multi-year capex program (which totalled $12.2 billion over 2008-2012) incorporated a much larger net funding requirement of approximately $6.6 billion to be met with a significant portion of debt that was expected to have a negative impact on the Company's credit metrics during the construction period. Enbridge has maintained adequate liquidity, with approximately $2.8 billion available under unused credit facilities on a consolidated basis at September 30, 2009. On November 6, 2009, Enbridge Pipelines Inc. (EPI, a wholly owned subsidiary of Enbridge) issued $500 million of medium-term notes (MTNs), the proceeds of which were used to reduce short-term debt and increase its, and Enbridge's consolidated, liquidity position. The Company's near-term maturities ($450 million of direct Enbridge maturities in Q1 2010) are manageable. DBRS believes that recent improvements in capital markets conditions should allow the Company to continue to raise debt at economical interest rates.

Enbridge's exposure to significant equity injections into its subsidiaries has also diminished relative to one year ago. Of the Company's $9.8 billion consolidated capex program, $6.0 billion is related to liquids pipelines investments at certain of Enbridge's subsidiaries, including EPI and Southern Lights. The remaining $3.8 billion of base consolidated capex is for natural gas, including amounts at Enbridge Gas Distribution Inc. (EGD), and renewable energy related projects. EPI, Southern Lights and EGD have direct access to external debt financing, relying on Enbridge mainly for the equity financing component. The above amounts do not include the US$2.0 billion of total capex for 2009 to 2010 (US$0.8 billion spent during 9M 2009) of Enbridge Energy Partners, L.P. (EEP or the Partnership), 27%-owned by Enbridge. While EPI and EEP are also involved in the construction of Alberta Clipper, which will require external financing through mid-2010, each will raise its own debt funding and has already received interim equity injections and funding arrangements from Enbridge since the beginning of 2008. On July 20, 2009, Enbridge and EEP concluded a joint funding agreement under which Enbridge will effectively fund two-thirds of the US$1.2 billion ($1.35 billion) cost of the U.S. segment of the Alberta Clipper crude oil pipeline project (Alberta Clipper U.S.), with one-third to be funded by EEP (previously 100% EEP). Consequently, DBRS believes that the probability that Enbridge would be called upon to inject significant further additional funds into EEP over the near- to medium-term is minimal.

Enbridge derived approximately one-quarter of its segment earnings for the last 12 months ending September 30, 2009 (LTM September 30, 2009), from entities with no external debt (e.g., Athabasca System and Spearhead Pipeline), thereby providing a stream of unencumbered dividends to the Company. The remaining three-quarters of segment earnings are derived mostly from entities with low-risk, regulated operations that generate stable earnings, including EGD, EPI and EEP (accounting for a combined 58% of segment earnings), which also provide a steady stream of dividends to Enbridge. Overall, about 85% to 90% of Enbridge's earnings are from low-risk, mostly regulated businesses.

Finally, DBRS expects improvement in the Company's business risk profile following completion of the major projects as a result of the heavy weighting of capex toward liquids pipelines operations, which have a low business risk profile due to the strong regulatory environment and long-term contractual arrangements. Enbridge's earnings from these businesses are likely to rise from 57% in 2008 to close to 70% in 2013.

Rating Considerations Details

Strengths
(1) Enbridge indirectly owns and operates the Enbridge System (Mainline), through EPI, and Lakehead Pipe Line System (Lakehead System), through EEP, forming the largest low-cost crude oil pipeline system from the WCSB to major Canadian and PADD II markets (Enbridge/Lakehead System). Given favourable market conditions, PADD II is likely to remain the preferred U.S. market (generating the highest netbacks) for WCSB producers versus PADD IV (Rocky Mountains) or PADD V (U.S. Pacific Northwest). Long-term supply and demand trends favour the growing importance of WCSB crude oil shipments into PADD II, resulting in significant pipeline expansion opportunities for Enbridge and ensuring a long life of supply for the pipeline. Enbridge also benefits from this trend through its investments in several crude oil feeder pipelines (e.g., Athabasca System, NW System, Olympic Pipeline, Southern Lights and Waupisoo Pipeline).

(2) The Company owns EGD, a strong natural gas distribution, storage and transmission franchise (see separate DBRS report.) The franchise area is among the wealthiest regions in Ontario, with a high population density, and its customers are heavily weighted toward the higher-margin residential and commercial customer categories, ensuring that earnings have a relatively low exposure to the economic cycle. In February 2008, the Ontario Energy Board (OEB) approved a five-year Incentive Regulation (IR) framework for EGD that is in place for the 2008 to 2012 period. The IR plan includes an earnings-sharing mechanism between EGD and its ratepayers that applies if, in any calendar year, the actual return on equity (ROE) is more than 100 basis points above the allowed ROE (8.39% throughout the IR period). In that event, the excess earnings are shared 50/50 between EGD and its customers.

(3) Enbridge's low-risk, mostly regulated operations, composed of a diversified portfolio of investments, provide 85% to 90% of the Company's earnings. On a non-consolidated basis, Enbridge receives cash dividends from a variety of sources, supporting its ability to meet its direct debt obligations. Approximately one-quarter of Enbridge's segment earnings for LTM September 30, 2009 were derived from entities with no external debt, providing a stream of unencumbered dividends to the Company. The remaining three-quarters of segment earnings were derived mostly from entities with low-risk, regulated operations, which generate stable earnings, including EGD, EPI and EEP (accounting for a combined 58% of segment earnings), which also provide a steady stream of dividends to Enbridge. While EPI and EEP are also involved in the construction of Alberta Clipper, which will require external financing through mid-2010, each will raise its own debt funding and has already received interim equity injections and funding arrangements from Enbridge since the beginning of 2008.

(4) Placement of large capacity expansion projects into service, including Southern Access and Line 4 Extension on April 1, 2009, and Alberta Clipper and Southern Lights in mid-2010, provide substantial earnings growth potential over the near- to medium-term. Enbridge is developing additional projects, including upstream liquids pipeline development (e.g., Woodland and Fort Hills – currently on hold), new liquids markets extension (e.g., Gateway Pipeline) and Gulf of Mexico pipeline projects (Walker Ridge and Big Foot) to provide a large portfolio of opportunities for future earnings growth beyond 2010 (see the Major Pipelines Projects section of this report).

Challenges
(1) Enbridge has $9.8 billion of capital spending (including maintenance capex) in its base consolidated capex plan for 2009 to 2013, of which $6.0 billion is related to liquids pipelines (supported by long-term contracts) and $3.8 billion consists of natural gas related and other projects (including renewable energy). Of this amount, approximately $2.3 billion has been spent during 9M 2009. DBRS previously indicated that the large size of the capex initiatives (which totalled $12.2 billion over 2008-2012 one year ago), combined with the Company's strategy for funding cash flow deficits with a significant portion of debt, would have a negative impact on the Company's credit metrics during the construction period.

Enbridge's financial results in 9M 2009 support DBRS's belief that the Company has passed the point of maximum risk (which DBRS has consistently expected to occur during 2009; its highest capex year) with respect to deterioration of its credit metrics. Results to date are better than previously expected performance. The Company has two major pipeline projects coming on stream in mid-2010 (Alberta Clipper) and late 2010 (Southern Lights) that will generate significant earnings and cash flow from their in-service dates and support significant improvement in credit metrics in 2010 and 2011. DBRS believes that Enbridge is on track to substantially restore, during 2010, its credit metrics to 2005-2006 levels (prior to the large increase in capex).

(2) While the Company's project economics are largely protected from cost overruns, Enbridge is exposed to the potential requirement for additional funding should cost overruns occur. The Company's base plan includes a net debt funding requirement of $3.0 billion (including $1.7 billion for refinancing of debt maturities) from Q4 2009 to year-end 2013, which is weighted to the Q4 2009 to year-end 2010 period. Enbridge has maintained adequate liquidity, with approximately $2.8 billion available under unused credit facilities on a consolidated basis at September 30, 2009, and subsequently increased (see below). The Company's near-term maturities ($450 million of direct Enbridge maturities in Q1 2010) are manageable. While significant new issuance is expected over the medium term, the Company's ability to issue debt at favourable rates was demonstrated by its direct MTN issuances in May 2009 ($400 million) and September 2009 ($600 million). In addition, EPI issued $500 million of MTNs on November 6, 2009 enhancing its, and Enbridge's consolidated, liquidity position. DBRS notes that the Company has not announced any significant cost overruns with respect to its major projects over the past two years. DBRS believes that recent improvements in capital markets conditions should allow the Company to continue to raise debt at economical interest rates.

(3) The Enbridge/Lakehead System is subject to competitive pressures from other pipelines originating in the WCSB and from alternative supply pipelines into areas served by the Enbridge/Lakehead System. Key competitors include the following: (a) Express Pipeline (Express) owns and operates a 280,000 b/d capacity pipeline from the WCSB to PADD IV. Express is connected to the 150,000 b/d capacity Platte Pipeline (Platte), serving the Patoka and Wood River market in PADD II in Illinois, south of Chicago. While representing competition, Express and Platte have much lower throughput capacity compared with the markets served by Enbridge/Lakehead System. (b) TransCanada PipeLines Limited's (TCPL) Keystone Pipeline (Base Keystone) and Keystone Gulf Coast Expansion Project (Keystone XL), will have design capacity of 1.1 million b/d when completed and will extend from Hardisty to U.S. Midwest markets at Wood River and Patoka and to Cushing, Oklahoma (Phase 1). Base Keystone start-up is expected in early 2010, with an initial nominal capacity of 435,000 b/d, and will be expanded to 590,000 b/d in late 2010. Keystone XL will further extend to the U.S. Gulf Coast for start-up in 2012–2013. While Keystone represents competition to the future expansion plans of Enbridge and EEP, their current expansion projects (Southern Access and Alberta Clipper) are very competitive given their long-term contracts, cost-of-service and rolled-in tolling methodology. (c) Kinder Morgan Canada Inc. owns Trans Mountain Pipeline, a liquids pipeline from Edmonton to Canada's west coast, serving refineries in Vancouver and Washington state. Its current capacity is 300,000 b/d. While representing competition, Trans Mountain Pipeline has much lower throughput capacity compared with the markets served by Enbridge/Lakehead System.

(4) Earnings from EGD (17% of Enbridge's segment income LTM September 30, 2009) are sensitive to weather conditions as approximately 75% of its distribution volumes are delivered to residential and commercial customers (more than 90% of revenues). The impact is largely related to the winter heating season, with warmer (colder) than normal temperatures adversely (positively) affecting earnings, cash flow and fixed-charges coverage ratios at EGD and at Enbridge. This sensitivity has been reduced somewhat under the IR plan given the higher fixed component in the customer's bill relative to previous years.

Enbridge Inc.

Report Date:
November 27, 2009

Earnings and Outlook

Enbridge Inc. (CAD millions)	9 mos. ended Sept. 30				12 mos. ended		Year ended December 31					
Liquids Pipelines	2009		2008		Sept. 30, 2009		2008		2007		2006	
Enbridge System (Mainline)	203.6	32%	147.0	28%	268.1	30%	211.5	28%	202.5	29%	202.3	32%
Enbridge (Athabasca) System	52.0	8%	46.3	9%	74.8	8%	69.1	9%	53.7	8%	52.8	8%
Southern Lights	44.2	7%	16.4	3%	55.4	6%	27.6	4%	6.8	1%	0.0	0%
Spearhead Pipeline	10.8	2%	9.3	2%	13.5	2%	12.0	2%	10.0	1%	6.3	1%
Olympic Pipe Line (65%)	5.7	1%	6.5	1%	6.3	1%	7.1	1%	9.9	1%	6.5	1%
Feeder Pipelines and Other	(3.2)	0%	1.0	0%	0.6	0%	4.8	1%	3.1	0%	6.3	1%
Subtotal (Liquids Pipelines)	**313.1**	49%	**226.5**	43%	**418.7**	47%	**332.1**	44%	**286.0**	40%	**274.2**	43%
Gas Pipelines												
Alliance Pipeline U.S. (50%)	19.9	3%	18.0	3%	26.8	3%	24.9	3%	27.7	4%	29.7	5%
Vector Pipeline (60%)	12.1	2%	10.1	2%	16.2	2%	14.2	2%	14.9	2%	13.4	2%
Enbridge Offshore Pipelines (33%-100%)	18.9	3%	8.8	2%	16.7	2%	6.6	1%	21.8	3%	18.1	3%
Subtotal (Gas Pipelines)	**50.9**	8%	**36.9**	7%	**59.7**	7%	**45.7**	6%	**64.4**	9%	**61.2**	10%
Sponsored Investments												
Enbridge Energy Partners (27.0%) (1)	76.6	12%	41.9	8%	94.5	11%	59.8	8%	47.3	7%	36.5	6%
Alberta Clipper U.S. (66.7%)	1.5	0%	0.0	0%	1.5	0%	0.0	0%	0.0	0%	0.0	0%
Enbridge Income Fund (41.9%)	34.2	5%	31.0	6%	44.3	5%	41.1	5%	39.2	6%	37.8	6%
Subtotal (Sponsored Investments)	**112.3**	17%	**72.9**	14%	**140.3**	16%	**100.9**	13%	**86.5**	12%	**74.3**	12%
Gas Distribution & Services												
Enbridge Gas Distribution (EGD)	89.9	14%	86.0	17%	150.3	17%	146.4	19%	128.8	18%	61.8	10%
Customer Works/Commercial Services(2)	0.0	0%	0.0	0%	1.6	0%	1.6	0%	7.0	1%	18.8	3%
Noverco (32.1%)	10.6	2%	10.9	2%	20.1	2%	20.4	3%	18.6	3%	18.7	3%
Other Gas Distribution Operations	6.5	1%	5.6	1%	8.5	1%	7.6	1%	7.3	1%	6.5	1%
Enbridge Gas New Brunswick (69.6%)	12.9	2%	10.5	2%	17.1	2%	14.7	2%	12.1	2%	9.8	2%
Enbridge Energy Services	28.7	4%	8.5	2%	37.0	4%	16.8	2%	6.0	1%	(1.5)	0%
Aux Sable (42.7%)	21.6	3%	21.8	4%	28.1	3%	28.3	4%	10.6	1%	25.8	4%
Other	(4.9)	-1%	(3.5)	-1%	(9.8)	-1%	(8.4)	-1%	(7.3)	-1%	5.4	1%
Subtotal (Gas Distribution & Services)	**165.3**	26%	**139.8**	27%	**252.9**	29%	**227.4**	30%	**183.1**	26%	**145.3**	23%
International												
OCENSA Pipeline/CITCol (3)	6.6	1%	23.1	4%	16.2	2%	32.7	4%	32.9	5%	33.9	5%
CLH (4)	0.0	0%	24.7	5%	0.0	0%	24.7	3%	60.4	9%	54.5	9%
Other	(3.9)	-1%	(3.0)	-1%	(6.2)	-1%	(5.3)	-1%	(3.4)	0%	(5.2)	-1%
Subtotal (International)	2.7	0%	44.8	9%	10.0	1%	52.1	7%	89.9	13%	83.2	13%
Subtotal of segments	644.3	100%	520.9	100%	881.6	100%	758.2	100%	709.9	100%	638.2	100%
Corp. and unallocated	(14.1)		(36.8)		(35.1)		(57.8)		(59.2)		(80.8)	
Net Income before Extras.*	**630.2**		**484.1**		**846.5**		**700.4**		**650.7**		**557.4**	
Extraordinary items	624.7		573.3		671.8		620.4		49.5		58.0	
Net income avail. to common	1,254.9		1,057.4		1,518.3		1,320.8		700.2		615.4	

* After preferred share dividends.
(1) Ownership interest was 27.0% at year-end 2008 (2007 - 15.1%, 2006 - 16.6%). (2) Interim results included in Gas Distribution & Services - Other.
(3) Sold 24.7% interest in OCENSA in March 2009 for a $326.0 million gain. (4) Sold 25% interest in CLH in June 2008 for a $556.1 million gain.

Net income (before extraordinary items and after preferred share dividends) rose by $146.1 million (up 30%) to $630.2 million in 9M 2009. The increase, which was supported by a $58.7 million rise in allowance for funds used during construction (AEDC) and the positive impact of a more favourable USD/CAD exchange rate on U.S. dollar-based earnings, was due to improved results in all segments except International, which fell due to the sale of its remaining investments. Changes in earnings for the segments were as follows:

(1) **Liquids Pipelines** earnings rose by $86.6 million (up 38%), due primarily to the following:

- Enbridge System's earnings rose by $56.6 million (up 39%), of which $39.2 million was due to increased recognition of AEDC on Alberta Clipper Canada and Line 4 until they were placed in service in April 2009. Earnings also benefitted from increased tolls resulting from the higher rate base due to Line 4, partly offset by higher operating and leak remediation costs.
- Southern Lights earnings rose by $27.8 million (up 170%), of which $12.4 million was due to recognition of AEDC while the project remains under construction and the balance was from the new light sour pipeline that became operational during Q1 2009.

(2) **Gas Pipelines** earnings rose by $14.0 million (up 38%), mainly for the following reasons:

- Alliance Pipeline U.S. earnings rose by $1.9 million (up 11%) and Vector Pipeline earnings rose by $2.0 million (up 20%), both reflecting a more favourable USD/CAD exchange rate.

- Enbridge Offshore Pipelines earnings rose by $10.1 million (up 115%) as a result of increased volumes from commencement of new projects as well as a more favourable USD/CAD exchange rate.

(3) **Sponsored Investments** earnings rose by $39.4 million (up 54%), mainly for the following reasons:

- Earnings from EEP rose by $34.7 million (up 83%) due to Enbridge's higher ownership interest since December 2008 (see footnote (1) in above table), the positive impact of recent expansions and toll increases on its liquids pipelines systems (including Lakehead), higher incentive income and a more favourable USD/CAD exchange rate.
- EIF's earnings rose by $3.2 million (up 10%), supported by higher distributions following expansion of the Saskatchewan crude oil pipeline system.

(4) **Gas Distribution & Services** earnings rose by $25.5 million (up 18%), due primarily to the following:

- EGD earnings rose by $3.9 million (up 5%), mainly as a result of the positive impact of colder weather.
- Energy Services earnings rose by $20.2 million (up 238%), due to higher volumes and favourable storage and transportation margins.

(5) **International** earnings fell by $42.1 million (-94%), mainly for the following reason:

- Earnings derived from CLH fell by $24.7 million (-100%), reflecting Enbridge's sale of its interest in CLH in June 2008. The sale resulted in a $556.1 million after-tax gain, which is included in extraordinary items.
- Earnings derived from OCENSA fell by $16.5 million (-71%), reflecting Enbridge's sale of its interest in OCENSA in March 2009. The sale resulted in a $326.0 million after-tax gain, which is included in extraordinary items.

Outlook

Enbridge is targeting in excess of 10% compounded annual earnings growth on a per-diluted-share basis from 2009 to 2013, based on its combined $12.4 billion base capex plan ($9.8 billion consolidated at Enbridge and $2.6 billion at EEP) over the period. The majority of this capex ($7.2 billion total; $6.0 billion at Enbridge and $1.2 billion at EEP) is related to liquids pipelines growth projects (see the Major Pipelines Growth Projects section in this report), resulting in a rising proportion of segment earnings from these low-risk, regulated segment over time.

Significant near- to medium-term earnings growth is expected following completion of Southern Access and Line 4 Extension on April 1, 2009, and Alberta Clipper and Southern Lights in mid-2010. In addition, upstream liquids pipeline development (e.g., Woodland and Fort Hills – currently on hold), new liquids markets extension (e.g., Gateway Pipeline) and Gulf of Mexico pipeline projects (Walker Ridge and Big Foot) provide a large portfolio of opportunities for future earnings growth.

Enbridge Inc.

Report Date:
November 27, 2009

Consolidated Financial Profile

Enbridge Inc. (CAD millions)	9 mos. ended Sept. 30 2009	2008	12 mos. ended Sept. 30, 2009	For the year ended December 31 2008	2007	2006	2005
Net income bef. extras (after pfd. divs)	630.2	484.1	846.5	700.4	650.7	557.4	537.2
Depreciation and amortization	561.7	483.3	736.8	658.4	596.9	587.4	575.3
Deferred income taxes, AEDC and other	15.1	(82.8)	130.1	32.2	103.5	19.3	181.5
Cash Flow from Operations	1,207.0	884.6	1,713.4	1,391.0	1,351.1	1,164.1	1,294.0
Capex and equity investments	(2,557.7)	(2,092.1)	(4,760.6)	(4,295.0)	(2,319.5)	(1,547.6)	(814.0)
Repayments by/(loans to) affiliates	(178.1)	0.0	(178.1)	0.0	15.6	28.0	0.7
Common dividends paid	(415.6)	(366.4)	(408.4)	(359.2)	(435.4)	(403.1)	(361.1)
Gross free cash flow (before work. cap.)	(1,944.4)	(1,573.9)	(3,633.7)	(3,263.2)	(1,388.2)	(758.6)	119.6
Changes in non-cash working capital items	597.9	60.8	526.9	(10.2)	(6.4)	126.7	(353.9)
Gross Free Cash Flow	(1,346.5)	(1,513.1)	(3,106.8)	(3,273.4)	(1,394.6)	(631.9)	(234.3)
Business acquisitions, net of cash	0.0	0.0	0.0	0.0	0.0	(101.4)	(88.6)
Proceeds on sale of inv. and other assets	591.9	1,330.8	703.2	1,442.1	75.1	41.0	25.4
Net Free Cash Flow	(754.6)	(182.3)	(2,403.6)	(1,831.3)	(1,319.5)	(692.3)	(297.5)
Inc. (dec.) in debt and equivalents	529.7	162.2	2,554.3	2,186.8	780.9	646.3	290.8
Inc. (dec.) in equity and equivalents	87.8	120.1	(12.8)	19.5	565.6	31.8	55.1
Dec. (inc.) in cash balances	137.1	(100.0)	(137.9)	(375.0)	(27.0)	14.2	(48.4)
Funding Sources	754.6	182.3	2,403.6	1,831.3	1,319.5	692.3	297.5
Total debt in capital structure	64.4%	62.7%	64.4%	65.8%	65.4%	67.1%	67.2%
Cash flow/total debt	12.1%	10.9%	12.9%	10.5%	12.9%	11.6%	13.8%
EBIT interest coverage (times)	2.23	2.26	2.45	2.49	2.22	2.29	2.46
Adj. total debt in capital structure (1)	59.5%	58.1%	59.5%	60.7%	62.6%	63.9%	63.6%
Adj. cash flow/total debt (1)	14.0%	12.1%	15.3%	12.5%	13.8%	12.7%	15.3%
Adj. EBIT interest coverage (times) (1)	2.51	2.54	2.86	2.92	2.43	2.55	2.80

(1) Adjusted for proportional consolidation of Alliance Pipeline and consolidation of Southern Lights Pipeline project.

Enbridge's current financial profile is reasonable given its relatively low business risk profile, although its consolidated credit measures (with the exception of its total debt-to-capital ratios) have been weakened as high capex and investments have led to large free cash flow deficits and financing requirements in recent years.

Total debt-to-capital ratios have improved as net proceeds from the sale of its investments in CLH in June 2008 ($1.3 billion) and OCENSA in March 2009 ($0.5 billion) reduced its incremental debt financing needs relative to previous expectations, while the Company's equity base was enhanced by recognition of $556.1 million and $326.0 million, respectively, of after-tax gains on the sales and meaningful earnings retention after dividend payments.

Enbridge's financial results in 9M 2009 support DBRS's belief that the Company has passed the point of maximum risk (which DBRS has consistently expected to occur during 2009) with respect to deterioration of its credit metrics. Results to date are better than previously expected performance. The Company has two major pipeline projects coming on stream in mid-2010 (Alberta Clipper and Southern Lights) that will generate significant earnings and cash flow from their in-service dates and support significant improvement in credit metrics in 2010 and 2011.

Outlook

DBRS previously indicated that the large size of the capex initiatives, combined with the Company's strategy for funding cash flow deficits with a significant portion of debt, would have a negative impact on the Company's credit metrics during the construction period.

DBRS believes that Enbridge is on track to substantially restore its credit metrics to 2005-2006 levels during 2010 (as these projects come onstream and begin to generate cash flow). While the Company's project economics are largely protected from cost overruns upon completion, Enbridge is exposed to the potential requirement for additional funding. DBRS notes that the Company has not announced any cost overruns with respect to its major projects over the past two years.

The Company's base plan includes a net debt funding requirement of $3.0 billion (including $1.7 billion for refinancing of debt maturities) from Q4 2009 to year-end 2013, which is weighted to the Q4 2009 to year-end 2010 period. DBRS believes that recent improvements in capital markets conditions should allow the Company to raise debt at economical interest rates.

Finally, DBRS expects improvement in the Company's business risk profile following completion of the major projects as a result of the heavy weighting of capex toward liquids pipelines projects, which have a low business risk profile due to the strong regulatory environment and long-term contractual arrangements.

Non-Consolidated Financial Profile

Enbridge is a holding company consisting of the following (see the Simplified Organization Chart in this report):

(1) Equity investments in a variety of entities, primarily regulated, that (a) issue their own debt (e.g., EPI, EGD and EEP) and (b) rely on the Company for financing (e.g., Athabasca Pipeline, Olympic Pipeline and Enbridge Energy Services).

(2) Advances to (and from) various related parties.

Major operating subsidiaries issue public debt without a parent-company guarantee (e.g., EPI, EGD and EEP). External funds are raised to support equity investments and debt financing for subsidiaries that have not issued public debt (various entities accounting for one-quarter of segment earnings for LTM September 30, 2009).

Project finance debt is non-recourse to Enbridge (e.g., Alliance Pipeline and Southern Lights). However, for entities that raise their own funding, the risk remains that Enbridge could contribute additional equity if problems were to develop in its investments, especially EEP, which is critical to Enbridge's business profile.

Development-stage projects entail execution risk, while U.S. based investments (Alliance U.S., Alberta Clipper U.S., EEP and Aux Sable accounted for 21% of segment earnings for LTM September 30, 2009) result in moderate exposure to currency risk, although this is substantially mitigated through hedging activities. Modest commodity price risk at EEP and Aux Sable is also mitigated through hedging activities.

Enbridge Inc.	For the year ended December 31					
Non-Consolidated Asset Coverage (CAD billions)	2008	2007	2006	2005	2004	2003
Total consolidated assets (A)	24.7	19.9	18.4	17.2	14.9	13.8
Less:						
Minority interest (EEM/EGD/EIF) (B)	0.8	0.7	0.7	0.6	0.5	0.5
External debt of subsidiaries:						
EGD debt	3.2	2.9	3.1	2.9	2.5	2.3
EPI debt	1.8	1.2	1.2	1.0	0.9	0.9
EIF debt (incl. Alliance Canada)	1.1	1.1	1.1	1.0	0.0	0.0
Alliance U.S./Aux Sable debt	0.5	0.4	0.6	0.7	0.7	0.8
Southern Lights Debt	1.4	0.0	0.0	0.0	0.0	0.0
Sub-Total External Debt of Subs (C)	8.0	5.6	6.0	5.6	4.1	4.0
Net consolidated assets (D=A-B-C)	15.9	13.6	11.7	11.0	10.3	9.3
Corporate Level (Unconsolidated) Debt (E)	5.3	4.3	4.2	3.9	4.0	3.9
Total cons. debt per above schedule (C+E=G)	13.3	9.9	10.2	9.5	8.1	7.9
Total equity & equivalents (DBRS-adjusted) (F)	6.9	5.5	4.9	4.6	4.3	4.0
Total capital (non-consolidated) (DBRS-adjusted) (E+F=H)	12.2	9.8	9.1	8.5	8.3	7.9
Net asset coverage (D/E)	3.0	3.2	2.8	2.8	2.6	2.4
Corp. level debt/net cons.assets (E/D)	33%	32%	36%	35%	39%	42%
Corp. level debt/total cons. debt (E)/(G)	40%	43%	41%	41%	49%	49%
Corp. Level Debt/Total Capital (non. con.) (E)/(H)	44%	44%	46%	46%	48%	49%

Enbridge Inc.

Report Date:
November 27, 2009

Enbridge's non-consolidated debt (corporate-level debt-to-total capital) and interest coverage ratios were relatively stable in 2008 compared with 2007, although other key non-consolidated credit ratios (including net asset coverage and cash flow-to-debt ratios) experienced modest deterioration, as expected. These ratios still represent significant improvement from 2003-2004 levels, although modestly below 2005-2006 levels.

Approximately one-quarter of Enbridge's segment earnings for LTM September 30, 2009 were derived from entities with no external debt, thereby providing a stream of unencumbered dividends to the Company. The remaining three-quarters of segment earnings were derived mostly from entities with low-risk, regulated operations that generate relatively stable earnings, including EGD, EPI and EEP (accounting for a combined 58% of segment earnings), which also provide a steady stream of dividends to Enbridge.

While EPI and EEP are also involved in the construction of Alberta Clipper, which will require external financing through mid-2010, each will raise its own debt funding and has already received interim equity injections and funding arrangements from Enbridge since the beginning of 2008.

Enbridge Inc. (CAD millions)	For the year ended December 31					
Dividend & Income Transactions	2008	2007	2006	2005	2004	2003
Dividend income (I)	592.0	537.0	557.4	496.4	352.2	266.4
Int. inc. (exp.) from (to) affiliates, net (J)	194.6	166.9	81.0	119.5	112.3	176.2
Dividend and interest income (K)	786.6	703.9	638.4	615.9	464.5	442.6
External interest expense (L)	(223.9)	(205.5)	(192.8)	(170.5)	(162.8)	(171.6)
Dividend Inc. after external interest (M)	562.7	498.4	445.6	445.4	301.7	271.0
Common dividends paid	(489.3)	(452.3)	(403.1)	(361.1)	(315.7)	(283.9)
Preferred dividends paid	(6.9)	(6.9)	(6.9)	(6.9)	(6.9)	(6.9)
Net external dividends remaining	66.5	39.2	35.6	77.4	(20.9)	(19.8)
Dividend income/corp. level debt (I/G)	11.2%	12.5%	13.3%	12.7%	8.8%	6.8%
Dividend income/external int. exp. (I/L)	2.64	2.61	2.89	2.91	2.16	1.55
Div.Inc.after Exter.Int./Corp. Level Debt (M/G)	10.6%	11.6%	10.6%	11.4%	7.5%	6.9%
Div.&Int.Inc./External Int. Exp. (K/L)	3.51	3.43	3.31	3.61	2.85	2.58
Affiliate transactions						
Interest income from loans to affiliates	217.7	208.3	154.7	173.4	160.3	237.1
Interest expense on loans from affiliates	(23.1)	(41.4)	(73.7)	(53.9)	(48.0)	(60.9)
Interest inc. (exp.) from (to) affiliates, net	194.6	166.9	81.0	119.5	112.3	176.2
Affiliate balances						
Loans to affiliates (asset)	3,216.6	3,296.6	2,034.5	2,380.7	2,625.1	2,097.6
Loans from affiliates (liability)	1,112.1	1,053.4	1,187.5	2,129.2	1,569.4	1,592.3
Loans to affiliates, net (net asset)	2,104.5	2,243.2	847.0	251.5	1,055.7	505.3

Direct debt raised at Enbridge and onlent to subsidiaries has resulted in rising external interest expense. However, this has been offset by higher dividend income and net interest income from subsidiaries, fully supporting the Company's common and preferred dividends on a non-consolidated basis.

DBRS expects higher external interest expense and lower net interest income (due to substantial capex and financing needs) to weaken Enbridge's non-consolidated credit metrics in 2009, with substantial recovery expected in 2010 as the Company's remaining major pipeline projects are placed into service and begin to generate earnings.

Enbridge Inc.

Report Date:
November 27, 2009

Enbridge Inc. Capital Structure at December 31

(CAD millions)	Consolidated 2008		2007		2006		Non-Consolidated 2008		2007		2006	
Short-term debt	1,593.1	8%	1,211.9	8%	1,405.0	9%	0.0	0%	366.2	3%	414.6	4%
Long-term debt	11,628.9	58%	9,237.4	58%	8,476.0	57%	4,914.7	41%	3,972.6	38%	3,193.8	34%
External Debt	13,222.0	66%	10,449.3	65%	9,881.0	66%	4,914.7	41%	4,338.8	41%	3,608.4	38%
Intercompany debt	0.0	0%	0.0	0%	0.0	0%	1,112.1	9%	1,053.4	10%	1,187.5	13%
Total Debt	13,222.0	66%	10,449.3	65%	9,881.0	66%	6,026.8	50%	5,392.2	51%	4,795.9	51%
Preferred securities	0.0	0%	0.0	0%	200.0	1%	0.0	0%	0.0	0%	200.0	2%
Preferred shares	125.0	1%	125.0	1%	125.0	1%	125.0	1%	125.0	1%	125.0	1%
Minority interest (1)	100.0	0%	100.0	1%	100.0	1%	0.0	0%	0.0	0%	0.0	0%
Common Equity (2)	6,648.1	33%	5,304.5	33%	4,621.3	31%	5,959.5	49%	4,977.9	47%	4,256.8	45%
Total capital	20,095.1	100%	15,978.8	100%	14,927.3	100%	12,111.3	100%	10,495.1	100%	9,377.7	100%
Total debt/capital (DBRS-adjusted)		65.8%		65.4%		67.1%		40.6%		41.3%		38.5%
Cash flow/total debt and equiv.		10.5%		12.9%		11.6%		10.6%		11.6%		10.6%
EBIT interest coverage ratio (times)		2.49		2.22		2.29		2.64		2.61		2.89

(1) Includes only amount related to EGD preferred shares. (2) Adjusted for Noverco reciprocal holdings. (3) Non-consolidated ratios are based on external debt only.

The DBRS-adjusted non-consolidated debt-to-capital ratio (treating loans to affiliates as debt) fell to 50% at year-end 2008 from 51% at year-end 2007. Intercompany loans are subordinate to the Company's senior unsecured debt.

External debt rose by $576 million, while intercompany debt rose by $59 million during 2008. External debt-to-capital was flat at 41% at year-end 2008 compared with 2007, as the increase in external debt was partly offset by a $982 million increase in common equity, large due to receipt of a large dividend related to the CLH sale.

The non-consolidated cash flow-to-debt ratio fell to 10.6% in 2008 from 11.6% in 2007, mainly as a result of higher debt levels due to the ongoing capital expansion program. The EBIT interest coverage ratio (including intercompany amounts) remained at 2.6 times in 2008, similar to 2007, as higher dividend income offset higher external interest expense.

Enbridge has $9.8 billion of capital spending (including maintenance capex) in its base consolidated capex plan for 2009 to 2013, of which $6.0 billion is related to liquids pipelines (supported by long-term contracts) and $3.8 billion consists of natural gas related and other projects (including renewable energy). Of this amount, approximately $2.3 billion has been spent during 9M 2009. Most of the capex is at entities that have direct access to external debt financing, relying on Enbridge mainly for the equity financing component.

DBRS expects that Enbridge's external debt will rise on both a consolidated and non-consolidated basis over time as a result of the capex program. These factors could result in increased double leverage at Enbridge on a non-consolidated basis over the construction period. DBRS also expects Enbridge's non-consolidated credit metrics to deteriorate in 2009 given its large capex program, with substantial recovery expected in 2010 as the Company's remaining major pipeline projects are placed into service and begin to generate earnings.

Bank Lines and Debt Maturities

At September 30, 2009, Enbridge and its consolidated subsidiaries (including EGD and EPI and excluding the Southern Lights project financing) had approximately $6.5 billion in combined credit facilities, of which $3.2 billion was drawn or used to backstop commercial paper. The Company has provided EEP and EIF with liquidity support of US$650 million and $100 million, respectively, under revolving credit agreements, leaving $2.8 billion available under unused credit facilities at that date.

Included in this total are about $3.5 billion of committed facilities available directly to Enbridge to support its $2.0 billion commercial paper program: (1) a $1.5 billion multi-year facility maturing in August 2012; (2) a $1.5 billion 364-day facility maturing in August 2011, with a one-year term-out option; and (3) a $0.5 billion 364-day facility maturing in December 2010, with a one-year term-out option.

At September 30, 2009, Southern Lights had US$1.7 billion ($1.8 billion) of project financing credit facilities available, of which US$1.3 billion ($1.4 billion) was drawn.

Each facility is extendible annually, subject to approval of the lenders.

Debt Maturities – Consolidated

(CAD millions) (as at December 31,2008)	2009	2010	2011	2012	2013+
Long-term debt (total) (1)	718.5	693.1	227.2	332.8	10,375.8
% of long-term debt	5.8%	5.6%	1.9%	2.7%	84.0%

(1) Excludes short-term debt of $874.6 million. Includes non-recourse debt

Virtually all 2009 maturities (except $100 million at EIF) have been refinanced as of the date of this report. Maturities in 2010 are largely at Enbridge Inc. ($450 million in Q1) and EGD ($150 million in Q4).

Debt Maturities – Non-Consolidated

($ millions) (as at September 30,2009)	2009	2010	2011	2012	2013+
Long-term debt (direct) (1)	0	450	0	0	3,295
% of long-term debt	0.0%	12.0%	0.0%	0.0%	88.0%

(1) Excludes short-term debt (amount outstanding not disclosed on interim basis).

Debt maturities are relatively well spread out, on both a consolidated and non-consolidated basis, and well within the Company's ability to refinance, although significant new issuance is expected over the medium term in order to fund the large capex program.

Enbridge has maintained adequate liquidity on a consolidated basis and on a direct basis.

Major Pipelines Growth Projects

Following are the larger, more advanced major pipeline projects that are in various stages of construction:

(1) Southern Access Mainline Expansion (placed in-service on April 1, 2009)
Undertaken by EPI in Canada and EEP in the United States, the Southern Access Mainline Expansion added 400,000 b/d of incremental heavy crude oil capacity from Hardisty to Flanagan, Illinois on April 1, 2009. In combination with Alberta Clipper (see below), the 42-inch diameter pipeline allows capacity to be tripled by adding pump stations for minimal additional cost, bringing the total incremental capacity potential to 1.2 million b/d over current capacity.

Components of the Southern Access Mainline Expansion are as follows:

(a) In Canada, the Enbridge System (between Hardisty and the Canada-U.S. border) was expanded, with the project placed into service on April 1, 2008, for a total cost of $0.2 billion.

(b) In the United States, the Lakehead System (between the Canada-U.S. border and Flanagan, including the reversal of capacity from Flanagan to Chicago) was expanded in two phases, for a total cost of US$2.1 billion. The first phase was placed into service on April 1, 2008, adding 190,000 b/d of incremental capacity. The second phase was placed into service on April 1, 2009, adding 210,000 b/d of incremental capacity.

Under the rate-setting methodology (see below), 88% of the capital cost (approximately US$1.85 billion) was added to the rate base, with the remaining 12% (approximately US$0.25 billion) on EEP's account due to its decision to install larger-than-required pipe in anticipation of future expansion opportunities.

The U.S. Federal Energy Regulatory Commission (FERC) approved the 30-year cost-of-service tolling agreement, protecting EEP against volume risk, capital cost overruns, property taxes and power costs. The agreement results in a 9% real ROE, with an annual inflation adjustment added to the rate base and collected over time and allowing for collection of FERC's income tax allowance. The U.S. tolling principles include a 45% debt/55% equity capital structure (55% debt/45% equity in Canada).

(2) Line 4 Extension Project (placed in-service on April 1, 2009)
Undertaken by EPI in Canada, the Line 4 Extension de-bottlenecking project involved construction of an 880,000 b/d intra-Alberta crude oil pipeline between Edmonton and Hardisty, for a total cost of $0.3 billion. The project was placed into service on April 1, 2009. The tolling principles are similar to those of the Canadian portion of the Alberta Clipper Project, which are described below.

(3) Alberta Clipper Project (completion expected in mid-2010)
Undertaken by EPI in Canada and EEP in the United States, Alberta Clipper entails construction of a new 36-inch diameter pipeline on an existing right of way to add 450,000 b/d of heavy crude oil capacity from Hardisty to Superior, Wisconsin (where it connects with Southern Access). The 36-inch diameter pipeline allows capacity to be increased by adding pump stations for minimal additional cost, bringing the total incremental capacity potential to 800,000 b/d over current capacity, with corresponding expansion of Southern Access.

Components of the Alberta Clipper Project are as follows:

(a) In Canada, EPI continues pipeline construction (between Hardisty and the Canada-U.S. border), which has an estimated cost of $2.4 billion (including AEDC; $1.8 billion spent through September 30, 2009).

(b) In the United States, EEP began construction in August 2009 on the new pipeline (between the Canada-U.S. border and Superior), which has an estimated cost of US$1.2 billion (US$0.5 billion spent through September 30, 2009). Enbridge has committed to fund two-thirds of Alberta Clipper U.S. with the balance to be funded by EEP.

Under the rate-setting methodology (see below), Enbridge and EEP share in the risk of capital cost overruns by having a portion included in the rate base.

U.S. tolling principles are similar to the agreed Canadian tolling principles (i.e., a renewable 15-year cost-of-service tolling agreement protecting Enbridge and EEP against volume risk, sharing of capital cost overrun risk, indexed cost recovery and a floating ROE equal to the NEB's multi-pipeline rate plus 2.25%). The U.S. tolling principles will include a 45% debt/55% equity capital structure (55% debt/45% equity in Canada).

Enbridge Inc.

Report Date:
November 27, 2009

(4) Southern Lights Diluent Import Pipeline (completion expected in mid-2010)
Undertaken by an Enbridge subsidiary on a non-recourse project finance basis, the Southern Lights project is expected to transport 180,000 b/d of diluent from Chicago to Edmonton. Diluent is required to transport heavy crude oil and bitumen produced in Alberta to U.S. markets.

Components of the Southern Lights Project are as follows:

(a) In Canada, Southern Lights involved reversing the flow of a portion of Enbridge's Line 13, an existing crude oil pipeline from Edmonton to Clearbrook, Minnesota. In order to replace the light crude oil capacity of Line 13, a new crude oil pipeline was built from Cromer, Manitoba, to Clearbrook, and modifications were made to the existing Line 2. These changes to the existing crude oil system increased light crude oil system capacity by 45,000 b/d and were placed into service during Q1 2009, for a total cost of $0.5 billion (including AEDC).

(b) In the United States, construction of the Line 2 modifications and diluent pipeline segment between Superior and Streator, Illnois are complete. Remaining mainline construction includes a 72-kilometre (45-mile) diluent pipeline segment between Streator and Manhattan, Illinois and a 306-kilometre (190-mile) diluent pipeline segment, in conjunction with construction of Alberta Clipper, between Clearbrook and Superior. Construction of the remaining U.S. line segments commenced in Q3 2009. In addition, construction has commenced on diluent receipt tankage and pump station facilities. In the United States, estimated project cost is US$1.7 billion (including AEDC), of which US$1.2 billion was spent through September 30, 2009.

Under the rate-setting methodology, Enbridge shares in the risk of capital cost overruns. Based on the present cost estimate (which has not changed over the past two years), the project would earn a minimum ROE of 10% plus a premium return that depends on the extent to which throughput on the pipeline exceeds 90% of capacity. Tolling principles are based on a cost-of-service methodology supported by long-term take-or-pay contracts.

The following tables summarize the key terms of Enbridge's major pipelines projects.

Enbridge Inc.'s Major Pipelines Projects		Initial Capacity	Expected	Expected Capital	Capital Spent to	Status at
Liquids Pipeline Projects	Destination	Increase (bbl/d)	Comp. Date	Cost ($ million)	Sept. 30/09	Sept. 30/09
Mainline Capacity Expansion						
Southern Access Expansion **(EPI)** (Hardisty, AB, to Canada-U.S. border)	PADD II	400,000	April 2009	C$0.2B	C$0.2B	Complete
Southern Access Expansion **(EEP)** (Canada-U.S. border to Flanagan, IL)	PADD II	400,000	April 2009	US$2.1B	US$2.1B	Complete
Line 4 Extension **(EPI)** (Edmonton, AB, to Hardisty, AB de-bottleneck)	Alberta	880,000	April 2009	C$0.3B	C$0.3B	Complete
Alberta Clipper Pipeline **(EPI)** (Hardisty, AB, to Canada-U.S. border)	PADD II	450,000	mid–2010	C$2.4B	C$1.8B	Under construction
Alberta Clipper Pipeline **(EEP/ENB)** (Canada-U.S. border to Superior, WI)	PADD II	450,000	mid–2010	US$1.2B	US$0.5B	Under construction
Upstream Pipeline Development						
Fort Hills Pipeline **(EI)** (Oil Sands Plant to Edmonton, AB)	Alberta	250,000	2012-plus	n/a	C$0.1B	Being reevaluated
Fort Hills Diluent Pipeline **(EI)** (Edmonton, AB, to Oil Sands Plant)	Alberta	70,000	2012-plus	n/a	for both	Being reevaluated
Woodland Pipeline **(EI)** (Kearl Oil Sands Project Plant to Edmonton, AB)	Alberta	n/a	late 2012	n/a	n/a	Finalization of scope
New Market Extension						
Spearhead Pipeline Expansion **(EI)** (Chicago, IL, to Cushing, OK)	PADD II	68,300	March 2009	US$0.1B	US$0.1B	Complete
N. Gateway Petroleum Export Pipeline **(EI)** (Edmonton, AB, to Kitimat, BC)	PADD V	525,000	2015	n/a	n/a	Commercial discussions
N. Gateway Condensate Import Pipeline **(EI)** (Kitimat, BC, to Edmonton, AB)	PADD V	193,000	2015	n/a	n/a	Commercial discussions
Diluent Supply Projects						
Southern Lights Diluent Import Pipeline **(EI)** (Chicago, IL, to Edmonton, AB)	PADD II	180,000	late 2010	US$1.7B+C$0.5B	US$1.2B+C$0.5B	Under construction
Terminalling and Tank Infrastructure						
Contract Terminalling **(EI)** (Hardisty crude oil storage terminal)	Alberta	7.5 million bbls	Sept. 2009	C$0.6B	C$0.5B	Construction complete
Natural Gas Pipeline Projects						
Walker Ridge Gas Gathering System **(EI)** (Ultra deepwater developments)	GOM	0.1 Bcf/d	end of 2012	US$0.5B	n/a	Finalization of scope
Big Foot Oil Pipeline **(EI)** (Ultra deepwater development)	GOM	100,000	2014	US$0.3B	n/a	Finalization of scope

EPI = Enbridge Pipelines Inc. EEP = Enbridge Energy Partners, L.P. EI = Enbridge Inc. GOM = Gulf of Mexico n.a. = not applicable. n/a = not available.

Business Segments

Enbridge operates in the following segments (see the Earnings and Outlook section for a listing of major investments):

(1) **Liquids Pipelines** (47% of segment earnings for LTM September 30, 2009) includes the following:
- Enbridge System transports crude oil from Edmonton to the Manitoba-U.S. border, where it connects with the Lakehead System, then reconnects with the Enbridge System at the Ontario-U.S. border.
- Interests in several operating crude oil pipelines, including the Athabasca System, Frontier Pipeline, NW System, Olympic Pipeline, Mustang Pipeline, Chicap Pipeline and Waupisoo Pipeline.
- Interests in several crude oil pipelines under construction as noted in the Major Pipelines Growth Projects section of this report.

(2) **Gas Distribution and Services** (29% of segment earnings) includes the following:
- EGD, which provides natural gas distribution, storage and transmission services in the central, eastern and Niagara Peninsula regions of Ontario, is a regulated utility serving approximately 1.9 million customers.
- Interests in other gas-distribution franchises (including Noverco Inc. and Enbridge Gas New Brunswick), Aux Sable Liquid Products Inc. (Aux Sable) and Enbridge Energy Services.

(3) **Sponsored Investments** (16% of segment earnings) includes the following:
- EEP (27% interest at September 30, 2009), a master limited partnership that owns the core Lakehead System, the North Dakota and Mid-Continent crude oil pipelines, U.S. natural gas gathering, processing and marketing assets and a one-third interest in Alberta Clipper U.S., which is currently under construction.
- A two-thirds interest in Alberta Clipper U.S.
- EIF (41.9% ownership interest; 72% effective interest), an unincorporated open-ended Alberta trust that owns 50% of Alliance Pipeline Limited Partnership, which owns the Canadian portion of the Alliance Pipeline (Alliance Canada), 100% of Enbridge Pipelines (Saskatchewan) Inc., a 50% interest in NR Green waste heat recovery facilities and Sunbridge wind power projects and a 33% interest in the Magreth and Chin Chute wind power projects (collectively Green Power).

(4) **Gas Pipelines** (7% of segment earnings) includes the following:
- 50% interest in Alliance Pipeline L.P., which owns the U.S. portion of the Alliance Pipeline (Alliance Pipeline U.S.).
- 60% interest in Vector Pipeline Limited Partnership (Vector Pipeline).
- Various interests in offshore Gulf of Mexico gas transmission and gathering systems and two pipeline projects noted in the Major Pipelines Growth Projects section of this report.

(5) **International** (1% of segment earnings) included the following investment prior to March 31, 2009:
- In March 2009, Enbridge sold its 24.7% interest in and sole operatorship of the OCENSA pipeline, tankage and marine loading system, transporting 550,000 b/d of crude oil within Colombia.
- Consequently, there are currently no investments in this segment.

Regulation

Enbridge Inc. Crude Oil Pipelines	Description	2009 Deemed Equity	2009 Allowed ROE	Regulation
Enbridge System (100% owned)	1,930 km from Alberta to U.S. and E. Canada	Negotiated	Negotiated	NEB regulated; incentive tolling agreement
Lakehead System (effective 27%)	2,800 km from Cdn.-ND border to Great Lakes	Negotiated	Negotiated	FERC regulated; indexing methodology
Enbridge (Athabasca) System (100%)	550 km from Athabasca/Cold Lake to Hardisty	Negotiated	Negotiated	AEUB regulated; shipper contracts
Enbridge (NW) System (100%)	870 km from Norman Wells, NT, to Zama, AB	Negotiated	Negotiated	NEB regulated; shipper contract
Natural Gas Pipelines				
Alliance Pipeline Canada (effective 36%)	1,560 km from Fort St. John, BC, to U.S. border	30%	11.26%	NEB; long-term contracts mature in 2015
Alliance Pipeline U.S. (50%)	1,440 km from US border to Chicago	30%	10.88%	FERC; long-term contracts mature in 2015
Enbridge Offshore Pipelines (33-100%)	Gas transportation and gathering pipelines in offshore U.S. Gulf of Mexico			FERC/MMS; life-of-lease contracts
Vector Pipeline (60%)	550 km from Chicago to Dawn, Ontario	45%	11.00%	NEB/FERC regulated; shipper contracts
Natural Gas Distribution				
Enbridge Gas Distribution (100%)	Gas distribution in certain Ontario regions	36%	8.39%	OEB regulated; multi-year incentive reg'n
Enbridge Gas New Brunswick (69.6%)	Gas distribution in New Brunswick	50%	13.00%	Provincial reg'n; cost-of-service basis
Gaz Métropolitain (effective 25%)	Gas dist'n (Que., New Eng.)/gas pipelines	Various	Various	Régie du Québec/NEB/FERC

AEUB = Alberta Energy and Utilities Board. FERC = Federal Energy Regulatory Commission. MMS = Minerals Management Service. NEB = National Energy Board.

Enbridge/Lakehead System

Enbridge System is regulated by the National Energy Board (NEB). Effective January 1, 1995, Enbridge negotiated an Incentive Tolling System (ITS) with the Canadian Association of Petroleum Producers (CAPP), replacing the previous cost-of-service tolling methodology. In June 2005, Enbridge negotiated an extension of the ITS (the 2005 ITS) to cover the 2005-2009 period, with a modest amount of re-basing. The 2005 ITS applies to the older portion of Mainline, which accounted for $88 million (42%) of Mainline's 2008 earnings.

The ITS has reduced regulatory uncertainty and protects EPI from volume risk. The ITS also provides the Company with the opportunity to enhance earnings by permitting it to retain at least half of any cost savings generated above specified cost targets, as well as benefiting by exceeding baseline performance on batch quality, delivery predictability and capacity reliability metrics.

Under the 2005 ITS, the ability to achieve earnings above the NEB's 2009 multi-pipeline rate of return of 8.54% (8.75% in 2008) is based on the Company's ability to achieve cost savings and improve operating efficiency measured by a variety of new metrics. Key features of the 2005 ITS include the following:

- Mainline continues to be protected from volume risk as the earnings impact of volume variances below specific capacity thresholds is reimbursed by shippers. Growth in WCSB oil sands and heavy oil production should ensure that volume variances are not an issue.
- Tolls are determined based on a starting point revenue requirement, adjusted for 50% of the change in the Gross Domestic Product Implicit Price Index. This resulted in a $57.9 million earnings base.
- All cost savings (excluding power and pipeline integrity costs) are shared equally by EPI and the shippers.
- An annual $18.2 million pipeline integrity allowance is provided to EPI, which assumed full responsibility for pipeline integrity maintenance.
- Cost increases due to non-routine factors (e.g., changes in environmental regulations and new services requested by shippers) are recoverable in Mainline tolls.
- Batch quality and delivery predictability metrics provide EPI with a bonus/penalty structure at +/-$20 million (after tax) in 2009.
- Capacity reliability metrics also provide EPI with a bonus/penalty structure. The maximum penalty is capped at $10 million per year and the maximum benefit is capped at $12 million per year.

Enbridge achieved total metric bonuses of approximately $15 million in 2008 compared with $11 million in 2007 and $10 million in 2006.

Enbridge/Lakehead's Tariff Agreement (the Agreement) with shippers with respect to recent and ongoing pipeline expansions also provides downside protection and incentives:

(1) With respect to the System Expansion Program (SEP) II expansion (which added 100,000 b/d to capacity in 1998), the Agreement provides for the following terms until 2013:

- A cost-of-service tariff structure.
- An allowed ROE based on throughput levels.
- A guaranteed minimum ROE of 7.5% if utilization is 50% or less.
- NEB multi-pipeline ROE plus 3%, with 100% capacity utilization, subject to a capped ROE of 15%.

During 2008, Enbridge and EEP earned an ROE of 11.71% (2007 – 11.46%; 2006 – 7.5%) on SEP II.

(2) With respect to the Terrace capacity expansions (Phase I added 170,000 b/d in January 1999; Phase II added 40,000 b/d to Enbridge System capacity in early 2002; and Phase III added 140,000 b/d in mid-2003), the Agreement provides for a fixed toll surcharge of $0.05 per barrel to move light crude oil from Edmonton to Chicago. The amount allocated to EEP is currently US$0.007 per barrel. Effective April 1, 2010, the surcharge rises to US$0.013 per barrel through 2013, the term of the Agreement. In addition, an adjustment is made to the Terrace surcharge based on the annual actual average pumping exiting Clearbrook, Minnesota.

(3) With respect to Southern Access and the Line 4 Extension, tolls were increased to reflect the fact that these projects were placed into service on April 1, 2009.

The average toll for crude oil movements from the Canadian border to Chicago increased by US$0.15 to US$1.41 per barrel effective April 1, 2009, and to US$1.46 effective July 1, 2009. While a substantial increase, the toll remains very competitive and very low (about 2%) relative to the current West Texas Intermediate (WTI) price of crude oil.

Enbridge Gas Distribution
The OEB regulates EGD's natural gas storage, transmission and distribution operations in Ontario.

Effective January 1, 2008, EGD entered into a multi-year Incentive Regulation (IR) plan which runs from 2008 to 2012. EGD can request a consultation in year four to consider an extension of the plan to a maximum of an additional two years. Outlined below is a summary of key elements of the plan.

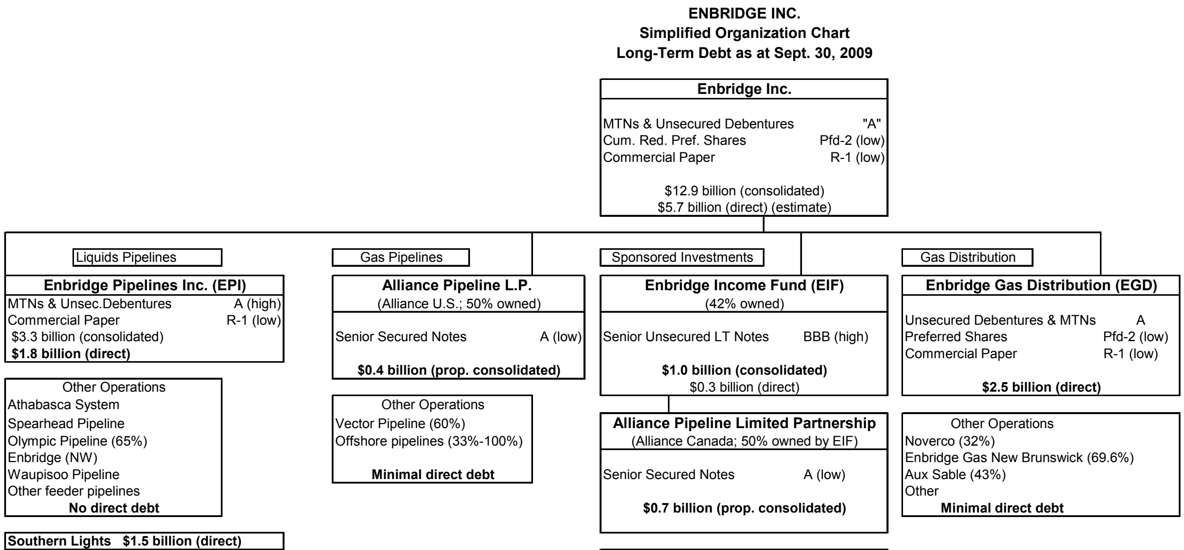
<u>Gas Distribution</u>

- The plan allows for inflationary rate increases, offset by a productivity factor for each of the five years. EGD continues to bear a significant portion of weather risk.
- A higher component of fixed monthly customer charges on customer billings reduced seasonality of earnings.
- Continued pass-through of gas commodity, upstream transportation and demand side management costs.
- EGD's 2007 ROE of 8.39% remains unchanged throughout the IR period. The equity component remains at 36%.
- The current Gas Cost Deferral Accounts, Storage and Other Deferral Accounts remain in place.
- An earnings-sharing mechanism between EGD and its ratepayers applies if, in any calendar year, the actual ROE is more than 100 basis points over the allowed ROE. In that event, the excess earnings would be shared 50/50 between EGD and its customers.

<u>Gas Storage</u>

- In November 2006, the OEB decided not to regulate the prices of storage services to customers outside EGD's franchise area or the prices of new storage services to customers within the franchise area. The decision requires EGD to continue to share long-term storage margins with ratepayers over a three-year phase-out period that started in 2008. Existing customers within the Company's franchise area continue to be charged at cost-based rates.

Simplified Organizational Chart



Sept. 30, 2009 Consol. Debt ($B)			Segment Earnings ($ MM)**	
EGD	$2.5	19%	$150.3	18%
EPI	1.8	14%	268.1	32%
EEP*	0.0	0%	94.5	11%
Alliance US	0.4	3%	26.8	3%
Southern Lights	1.5	12%	55.4	7%
EIF (incl. Alliance CDA)	1.0	8%	44.3	5%
External Sub-total	**$7.2**	**56%**	**$639.4**	**76%**
Direct Debt (est.)	5.7	44%	207.1	24%
Consolidated	$12.9	100%	$846.5	100%

* Amount not included in Enbridge Inc.'s consolidated debt as EEP is accounted for as an equity investment.
** Net income before extras for the 12 months ending Sept. 30, 2009.

Enbridge Inc.

Report Date:
November 27, 2009

Enbridge Inc. (Consolidated)

Balance Sheet (CAD millions)	Sept. 30,	Dec. 31,	Dec. 31,		Sept. 30,	Dec. 31,	Dec. 31,
Assets	2009	2008	2007	**Liabilities and Equity**	2009	2008	2007
Cash and equivalents	404.6	541.7	166.7	Short-term debt	353.8	874.6	545.6
Accounts rec. and other	1,559.1	2,322.5	2,388.7	A/P and accrued liab.	2,259.2	2,513.4	2,302.9
Inventory	796.6	844.7	709.4	L.t. debt due in one year	738.7	718.5	666.3
Current assets	2,760.3	3,708.9	3,264.8	Current liabilities	3,351.7	4,106.5	3,514.8
Long-term investments	2,205.8	2,491.8	2,076.3	L.t. debt - recourse	2,750.5	2,832.9	1,508.4
Prop., plant and equip., net	18,086.4	16,156.9	12,597.6	L.t. debt - non-recourse	9,430.5	8,796.0	7,729.0
Def. amounts and other assets	2,687.1	1,318.4	1,182.0	Pfd. shares (Perpetuals)	125.0	125.0	125.0
Future income taxes	119.6	178.2	186.7	Other long-term liabs.	3,382.0	1,549.8	1,229.5
Intangibles and goodwill	847.6	847.2	600.0	Minority interests	722.1	797.4	650.5
Total	26,706.8	24,701.4	19,907.4	Common equity	6,945.0	6,493.8	5,150.2
				Total	26,706.8	24,701.4	19,907.4

(CAD millions where applicable)	**Non-Consolidated**		**Consolidated**					
Balance Sheet and	For the year ended Dec. 31		9 mos. ended Sept. 30		12 mos. ended	For the year ended December 31		
Liquidity Ratios (1)	2008	2007	2009	2008	Sept. 30, 2009	2008	2007	2006
Current ratio	0.96	0.36	0.82	0.94	0.82	0.90	0.93	0.95
Total debt in capital structure	40.6%	41.3%	64.4%	62.7%	64.4%	65.8%	65.4%	67.1%
Net debt in capital structure	39.7%	41.3%	63.7%	62.1%	63.7%	64.8%	65.0%	66.8%
Common equity in capital structure	n.m.	n.m.	34.5%	36.0%	34.5%	33.1%	33.2%	31.0%
Adj. total debt in capital structure (4)	n.m.	n.m.	59.5%	58.1%	59.5%	60.7%	62.6%	63.9%
Deemed equity (Enbridge Gas Distribution)	36%	36%	36%	36%	n.a.	36%	36%	35%
Cash flow/total debt (2)	10.6%	11.6%	12.1%	10.9%	12.9%	10.5%	12.9%	11.6%
Adj. cash flow/total debt (4)	n.m.	n.m.	14.0%	12.1%	15.3%	12.5%	13.8%	12.7%
(Cash flow - divs.)/net capex (2)	n.m.	n.m.	0.35	0.25	0.31	0.25	0.39	0.64
Common dividend payout (before extras.)	n.m.	n.m.	65.9%	75.7%	63.6%	69.9%	69.5%	72.3%
Accum. depreciation/gross fixed assets	n.m.	n.m.	n.a.	n.a.	n.a.	24.6%	27.3%	28.1%
Coverage Ratios (3)								
EBIT interest coverage (times)	2.64	2.61	2.23	2.26	2.45	2.49	2.22	2.29
EBITDA interest coverage (times)	n.m.	n.m.	3.34	3.30	3.55	3.54	3.19	3.29
Fixed-charges coverage (times)	n.m.	n.m.	2.20	2.23	2.42	2.45	2.18	2.25
Adj. EBIT interest coverage (times) (4)	n.m.	n.m.	2.51	2.54	2.87	2.92	2.43	2.55
Profitability Ratios								
Operating margin	n.m.	n.m.	10.4%	7.6%	10.9%	8.7%	9.6%	10.8%
Profit margin (before extras.)	n.m.	n.m.	6.8%	4.0%	6.5%	4.4%	5.5%	5.3%
Return on common equity (before extras.)	7.5%	6.8%	12.5%	11.5%	13.0%	12.0%	13.5%	12.9%
Allowed ROE (Enbridge Gas Distribution)	n/a	n/a	8.39%	8.39%	n.a.	8.39%	8.39%	8.74%
Return on capital	5.2%	4.9%	6.1%	6.1%	6.6%	6.0%	6.6%	6.5%
Segmented Earnings (CAD millions)								
Liquids pipelines	n.a.	n.a.	313.1	226.5	418.7	332.1	286.0	274.2
Gas pipelines	n.a.	n.a.	50.9	36.9	59.7	45.7	64.4	61.2
Sponsored investments	n.a.	n.a.	112.3	72.9	140.3	100.9	86.5	74.3
Gas distribution & services	n.a.	n.a.	165.3	139.8	252.9	227.4	183.1	145.3
International	n.a.	n.a.	2.7	44.8	10.0	52.1	89.9	83.2
Corporate and other	n.a.	n.a.	(14.1)	(36.8)	(35.1)	(57.8)	(59.2)	(80.8)
Net income before extras (after pfd. divs.)	409.6	314.0	630.2	484.1	846.5	700.4	650.7	557.4
Reported earnings (after pfd. divs.)	1,318.0	588.5	1,254.9	1,057.4	1,518.3	1,320.8	700.2	615.4
Selected Data (CAD millions)								
Cash flow (bef. working capital changes)	n.m.	n.m.	1,207.0	884.6	1,713.4	1,391.0	1,351.1	1,164.1
Capex, equity investments, other	n.m.	n.m.	(2,735.8)	(2,092.1)	(4,938.7)	(4,295.0)	(2,303.9)	(1,519.6)
Common dividends paid	n.m.	n.m.	(415.6)	(366.4)	(408.4)	(359.2)	(435.4)	(403.1)
Free cash flow (before work. cap. changes)	n.m.	n.m.	(1,944.4)	(1,573.9)	(3,633.7)	(3,263.2)	(1,388.2)	(758.6)
Changes in working capital items	n.m.	n.m.	597.9	60.8	526.9	(10.2)	(6.4)	126.7
Gross free cash flow	n.m.	n.m.	(1,346.5)	(1,513.1)	(3,106.8)	(3,273.4)	(1,394.6)	(631.9)
Other investing activities	n.m.	n.m.	591.9	1,330.8	703.2	1,442.1	75.1	(60.4)
Net free cash flow	n.m.	n.m.	(754.6)	(182.3)	(2,403.6)	(1,831.3)	(1,319.5)	(692.3)
Operating Statistics								
Pipeline volumes (thousands of b/d)	2,633	2,556	2,702	2,592	n.a.	2,633	2,556	2,574
Gas distribution throughput (bcf)	444	450	294	307	431	444	450	408
Degree day deficiency	107.3%	101.2%	107.9%	103.9%	108.3%	107.3%	101.2%	89.6%

(1) DBRS allocates debt and equity equivalents to preferred and minority interest. Non-consolidated ratios are based on external debt only. n.m. = not meaningful.
(2) Capital expenditures excluding acquisitions and capitalized interest. n.a. = not available. bcf = billion cubic feet. n.m. = not meaningful.
(3) Excludes AFUDC and capitalized interest. Adjusted to include preferred security distributions as interest expense.
(4) Adjusted for proportional consolidation of Alliance Pipeline and consolidation of Southern Lights Pipeline project.

Enbridge Inc.

Report Date:
November 27, 2009

Ratings

Debt	Rating	Rating Action	Trend
Commercial Paper	R-1 (low)	Confirmed	Stable
Medium-Term Notes & Unsecured Debentures	A	Trend Change	Stable
Cumulative Redeemable Preferred Shares	Pfd-2 (low)	Trend Change	Stable

Rating History

	Current	2007	2006	2005	2004	2003
Commercial Paper	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)
Medium-Term Notes & Unsecured Debentures	A	A	A	A	A	A
Cumulative Redeemable Preferred Shares	Pfd-2 (low)	Pfd-2 (low)	Pfd-2 (low)	Pfd-2 (low)	Pfd-2 (low)	Pfd-2 (low)

Related Research

- Enbridge Pipelines Inc. Rating Report, November 27, 2009.
- Enbridge Gas Distribution Rating Report, August 25, 2008.
- Enbridge Energy Partners, L.P. Rating Report, November 24, 2008.

Note:
All figures are in Canadian dollars unless otherwise noted.