Enbridge has a results-oriented approach to executing our exceptional inventory of prospects and the largest capital investment program in our history. We are focused on providing our customers with value-added solutions and generating superior returns for our shareholders.

— Patrick D. Daniel

Enbridge had another excellent year in 2006, delivering strong financial results while also receiving commercial support for a number of major new growth opportunities. As a result, the Company is well positioned to continue its very consistent delivery of superior returns to shareholders.

Our 2006 earnings were $615.4 million or $1.81 per common share compared with $556.0 million or $1.65 per common share in 2005. Adjusted earnings per share increased 9.4 per cent to $1.74, which was at the upper end of our guidance range and sustains our ten-year EPS growth rate of 10 per cent. Total shareholder return last year was 14.3 per cent, with a ten-year average of 19.1 per cent, and a 53-year average of 13.3 per cent. We are very proud of that track record, and we are focused on maintaining and improving it through our commitment to our customers' needs.

At Enbridge, our core strategies serve as our road map to being one of the leading energy delivery companies in North America. They are: to expand existing businesses; to focus on operational excellence and to develop new growth platforms. Each of these strategies is important to Enbridge. While our 2006 results were primarily targeted at our first strategy – expanding and extending the core businesses, our commitment to operational excellence remains a priority each and every year.

We have an exceptional portfolio of new growth opportunities before us. This growth is highly visible, predictable and has, we believe, low execution risk. We have spent the last six years working on initiatives to broaden access to markets for Canadian crude oil, and it is particularly gratifying to see a number of our oil pipeline projects now moving to the construction phase.

With over $8 billion of liquids pipeline projects now moving forward, we will nearly double our net investment in liquids pipelines as the Company embarks on the most intense capital program in its history.

The new Spearhead pipeline began operating in March 2006, and we are already considering expanding the capacity. The Southern Access Expansion (US $1.5 billion) is now under construction, and portions will be phased in from 2007 to 2009. The Southern Access Extension (US $0.4 billion) to Patoka, Illinois is also scheduled for completion in 2009.

Preliminary pre-regulatory approval work has already begun on Alberta Clipper (US $2 billion in 2006 dollars), a new pipeline from Hardisty, Alberta to Superior, Wisconsin, with a projected in-service date of late-2009 to mid-2010.

The Southern Lights diluent return line (US $1.3 billion) is currently under construction in the U.S. with a targeted in-service date of 2010. Development of the Gateway pipeline from Edmonton to Kitimat, B.C. is proceeding at a reduced pace as it is now anticipated our customers will not need this capacity until 2012 to 2014.

And this is by no means the end of our list. We are working on several alternatives to expand capacity to the Gulf of Mexico and to move crude further east from Chicago. In addition, we have plans to build approximately $2 billion of regional pipeline delivery infrastructure in the oil sands corridor between Fort McMurray and Edmonton, with nearly one-half of this underway with Waupisoo, Long Lake, Surmont projects and an expansion of the Athabasca System, all in various stages of construction.

Almost one-half of our current earnings are derived from our gas pipeline and distribution assets, and in 2006 this segment delivered solid operating and financial results.

Our interests in the Alliance and Vector pipelines, which move natural gas from Western Canada to the Chicago and Southern Ontario areas, complement our growing natural gas gathering, processing and transmission infrastructure in the Gulf of Mexico and Southern United States – particularly Texas, where Enbridge Energy Partners has good exposure to the prolific natural gas plays in the Anadarko Basin, Barnett Shale and Bossier Sands and is strengthening its position with expansions on its North and East Texas systems. We are encouraged with recent regulatory developments at Enbridge Gas Distribution (EGD) and we look forward to the introduction of incentive regulation in 2008. EGD continues to be one of the fastest growing gas utilities in North America, adding more than 40,000 new customers each year.

Our investments in Colombia and Spain performed well in 2006 and continue to be two of our top performing assets. We also continue to take a measured approach to developing new technology platforms in alternative energy.

The Company's sources of earnings and growth are diversified among all of our businesses. We believe this is critical to our success because it reduces our exposure to the risks in any one segment of our business while allowing us to increase potential returns in others.

Protection of the environment is of paramount importance to Enbridge and we focus on 'best-in-class' performance at all of our worksites. In January 2007, it was announced at the World Economic Forum in Davos, Switzerland that Enbridge had once again been named to the list of the Global 100 Most Sustainable Corporations in the World. We do realize the need to raise the Corporate Social Responsibility (CSR) bar to ensure that we continue to operate to emerging standards, and that we listen and respond to the concerns of our stakeholders. This is going to be particularly true as we deal with one of today's highest profile issues – climate change. It will be critically important for industry to continue to address this issue by thinking about the next generation and adopting targets and practices that make a real difference.

We are pleased to welcome J. Herb England to the Board of Directors, effective January 1, 2007. Mr. England has been appointed to fill the vacancy on the Board created by the resignation of William Fatt in July 2006. Mr. England has extensive operating experience in both public and private companies. We would like to take this opportunity to thank Mr. Fatt for his many contributions to Enbridge and for his dedication and service to the Board.

We would like to thank the employees of Enbridge for their outstanding contributions to date and their engagement in executing our exciting growth plans.

Our Company is well positioned to continue its history of annual growth, and to create value for customers, which in turn results in creation of value for shareholders.

On behalf of the Board of Directors:

David A. Arledge
Chair of the Board of Directors
March 8, 2007

Patrick D. Daniel
President & Chief Executive Officer

Well Positioned

Enbridge's growth opportunities are built around North America's energy supply/demand fundamentals. The Company is ideally positioned to transport crude oil from conventional producing areas in Western Canada and from the continent's largest hydrocarbon play – Alberta's oil sands. Enbridge is also well positioned to tap some of North America's top natural gas growth prospects: Alaska, the Gulf of Mexico, Texas tight gas, and the Rockies. With the existing integration of markets between Canada and the United States, growing energy demand, Canada's history of being a secure source of energy supply, and Enbridge's extensive continental pipeline systems, the Company is ideally positioned to be a major contributor to meeting continental energy needs.

Enbridge plans to capitalize on this positioning by:

- first and foremost, expanding our existing core businesses;
- focusing on operational excellence; and
- developing new growth platforms, such as LNG regasification, natural gas storage, gas-fired power generation and new energy technologies to provide business diversification.