

Bringing new energy to energy

Speech by

Al Monaco
President and CEO,
Enbridge Inc.

May 11, 2017

Enbridge Inc.
2017 Annual Meeting of Shareholders

Metropolitan Conference Centre
Calgary, Canada



EMBARGOED until Thursday, May 11, 2017 at 2 p.m. MT — Check against delivery



Al Monaco

President and CEO, Enbridge Inc.

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

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

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

Introduction

A lot has happened since our last annual meeting. Enbridge has changed and the business environment continues to change.

Today I'll take you through our story - how a solid foundation built over decades led to taking a bold step in our evolution, and how we're even better positioned now for more growth.

I'll also talk about the opportunities we see for the future, and two issues our industry is facing.

Before I do that, I'll spend a minute on something I usually reserve for the end – the people of Enbridge. It's important to do that first because none of what we've done so far, and what we'll accomplish in the future, is possible without them.

There's about 15,000 people on the Enbridge team, living and working in communities across North America. They take pride in what they do – they do it well, safely, while protecting the environment. They act like owners of the business and they care about the people who live by our operations – and treat them with integrity and respect. And they put our best foot forward with customers.

I'm proud to welcome staff from Spectra; a team that grew up in the industry like we did, with the same values and approach to the business.

Now the story.

Enbridge's story

The story started with a simple concept – get Alberta's energy to market.

In 1949, we built our first pipeline from Western Canada to the US Midwest. That was the foundation for what would become a vital continental energy system. Today we deliver almost 30% of US oil requirements, and this conduit supports day-to-day life and our economy.

We've always thought about what's next and the future of energy. In the mid-90s we began building our natural gas business. We bought Consumers' Gas of Toronto, a fast-growing natural gas utility. We added long-haul gas pipelines and midstream assets.

We looked forward again with renewable energy. From our first small windfarm in Saskatchewan to one of Canada's largest

renewable energy generators with enough emissions free-energy to power more than a million homes.

Those are the images, but here are the numbers.

In the last ten years, we've put \$33 billion of capital into the ground, creating jobs and economic benefits in communities across North America. We opened new markets so producers could realize a fair price for our resources. And we delivered secure, reliable energy for consumers.

For shareholders, it's translated into an exceptional track record of superior returns. These two charts tell that story without me saying much else.

And we've delivered these results through all market environments, including the worst commodity downturn in history over the last two years. Cash flow grew to \$3.7 billion or \$4.08 per share. And last week, we announced another 5% uptick in our dividend bringing the total increase this year to 15%.

A bold step: our combination with Spectra Energy

No doubt that's a good story. So with our asset base and track record, why did we change – why did we pursue the Spectra combination?

First, being in a position of strength is exactly the time to think about what's next. Asking ourselves tough questions like:

- What should we do now to position the company for the future and extend the track record?
- How do we offer our customers even better solutions?
- And how can we capitalize on the changing energy landscape?

Over the last while, we'd been doing our homework and found the answers, which led to discussions with the people at Spectra. Some of them are here today; some of our directors and our chairman, Greg Ebel.

The Management team and the Board tested the combination against a bunch of criteria and we concluded it would achieve our objectives like nothing else could by:

- Increasing and diversifying our opportunity set so we could continue to grow in the future.
- Re-balancing the business mix between liquids and natural gas – Spectra certainly came with a lot of the latter.
- Retaining the low risk business model and strong financial position that got us here;

And it wouldn't change our approach to operational excellence, safety, environment and our values and culture.

North America's premier energy infrastructure company

So, how are we positioned today - what are the benefits to shareholders of the Spectra combination?

Here's how I look at it:

We had the best liquids franchise on the continent – we've now added the best natural gas franchise. A gas business that's connected to the best supply regions and directly to strong markets across North America (Spectra folks talk about this as the last mile). Those markets aren't going away, they're growing.

We had a great natural gas utility; we've now doubled that business with Union Gas.

And we've gained one of the best natural gas liquids (NGL) businesses.

Best of all, our business has always been about hard assets in the ground, which are even more valuable in today's environment.

Today, we have six large growth platforms, each with great competitive positions. They give us options to grow across the liquids, gas and NGL value chains. They give us industry-leading growth; \$28 billion secured and underway and a big backlog in development.

Projects in execution include:

- Our \$7.5 Billion Line 3 replacement,
- Natural gas projects like Sabal Trail that are driven by growing natural gas demand,
- And Valley Crossing, which capitalizes on gas export markets (I'll come back to this).

- In Western Canada, we're well positioned to provide gas and NGL solutions.
- And in renewable power, we're building a strong presence in European offshore wind.

All told, we're on track to bring \$13 billion of projects into service this year and another \$4 billion next year. That gives us confidence in our ability to keep the dividend growth ball rolling at 10-12% per year.

It's a powerful story and we're focused on priorities:

- Above all – the safety and reliability of our operations. If we don't get this right, nothing else matters.
- Executing our capital program because that drives growth over the next several years; and
- Maintaining focus on our customers and communities because that's our lifeblood.

To do this it's critical we have a strong balance sheet. We raised \$10 billion across the Enbridge group last year.

We're working hard on integration of new people, systems and processes. We want our 15,000 people to be energized and proud to be part of Enbridge.

If we get all of this right, we'll be a company that investors can't help but invest in – a must-own stock.

Let me now talk about the bigger picture – North America's energy landscape and how Enbridge will be part of it.

The future of energy

It begins with what I like to call a "new energy around energy".

We were excited about the future back in September when we announced the Spectra deal. We're even more excited today. Commodity fundamentals are improving - and the upstream sector is gaining confidence. Producers have done an amazing job of lowering costs and are emerging stronger than ever.

The conversation about energy has changed.

People are again thinking about energy as an economic driver; creating jobs, moving our economy forward. Most important, people are on the page that energy and environmental protection can go hand in hand.

North America's export opportunity

We think that North America is on the verge of becoming a global exporter of energy - competing for a greater share of growing energy demand.

The continent is just starting to realize its export potential:

- We're now exporting crude oil and hitting new records (1.2 mmbpd);
- LNG cargoes are now leaving the Gulf Coast every day, with more to come;
- over the next 2 decades, North America could have the largest share of the global LNG market;
- And the sleeper here is growing NGL export capability.

What's driving this future export opportunity is North America's competitive advantage in energy. A combination of abundant resources, world class skills and technology, and capital that's way ahead of the rest of the world.

Scale and innovation is further reducing costs. We know about shale capability but in the oil sands, new technologies are being piloted where producers will be competitive in a sub \$50/bbl world, while lowering emissions intensity by 35 to 75%.

Emerging opportunities in natural gas and renewables

One of the biggest opportunities we see is the emergence of natural gas and natural gas liquids, which was a big factor in our thinking around the Spectra transaction.

Natural gas will account for the largest increase in supply to meet global energy demand. North America sits on the most abundant and economic gas resources in the world, which means we have a big cost advantage. That's fueling a renaissance in petrochemicals – a game-changer for our competitiveness and stimulating billions in new investment. Electricity generation and industrial use will continue to drive growth. And natural gas has a huge positive impact on GHG emissions – U.S. emissions have declined to below 1992 levels – while the economy grew by 80%.

Our North American competitive advantage gives us this massive export opportunity. To capitalize, we're going to need a

lot more energy infrastructure; somewhere in the order of \$700 - \$900 billion over the next two decades.

That bodes well for our business.

We've also passed a tipping point where renewables have taken hold because of improved technology, deep supply chains, greater scale and consumer preferences.

Energy consumers are influencing change – multinationals like Apple and Walmart are setting targets for renewable power.

Make no mistake, the transition to a lower carbon energy economy is underway. It will take time, but natural gas, NGL and renewables provide a new and large opportunity set.

It's these broad trends – global demand, our export opportunity, the transition to cleaner energy – that shape how we're thinking about Enbridge's energy future – and our long-term view. With our expanded assets, greater geographic reach, multiple platforms – we're well positioned to capitalize on changing dynamics... as we've done over our history.

Before I close, I'll speak to two issues. Issues that we – as industry, governments, stakeholders – need to address to capitalize on this energy advantage I've talked about.

No energy border

There's been a lot of discussion recently around trade globally. Let me address a critical aspect of that – energy.

The US and Canada have the largest, most integrated energy system in the world – power lines and pipelines move energy back and forth. We have a highly integrated supply chain:

- 2,000 US companies are suppliers to the oil sands;
- We source pipe from mills in both Canada and the US, and those mills source steel in both countries;
- Technology, skills and capital move quickly and efficiently at the lowest cost.

When I think about energy in North America, I don't see a border. The fact is our energy relationship has delivered value for both the US and Canada – making us both more competitive, and essential to our energy independence and security.

In short, it's critical we preserve our integrated energy market.

The new energy imperative

The second issue relates to how the energy industry acts. The new energy imperative is building public trust.

As the point of attack for opposition to energy, it's especially acute for pipeline companies (and our people), even though we don't produce the energy we move. It means our understanding, skills and roles need to change particularly when it comes to talking about why energy is so important to everyone.

It's no longer a question of just sharing "the facts" - but creating an emotional connection to the energy that fuels people's lives. And it's not about messaging or social media.

Today, our approach is to prove our commitment to safety and protection of the environment every day - and how we're exceeding expectations. We engage stakeholders openly and transparently, we listen carefully and we act on what we hear.

And we collaborate with our stakeholders. A great example is CAEPLA, whose president, Dave Core, is here today. We're working with Dave to host workshops that bring our experts and landowners together to talk about key issues. The reason we do that is to make our projects better; that's part of building public trust in what we do.

The same holds for building strong relationships with Indigenous peoples, based on mutual respect. By working collaboratively - across industry, government, Indigenous peoples, and local communities- we can find solutions that work.

This isn't just consultation.

It's about real dialogue, working alongside Indigenous communities in monitoring and stewardship of land and water - to training, jobs and business opportunities. Real economic partnerships.

We also need to demonstrate that industry wants to make an impact on emissions and clean energy. I think the industry is proving that more and more with what they've done to reduce energy intensity, land reclamation and water use. And its companies like ours that are the biggest investors in renewable energy and supportive of carbon pricing policy.

Conclusion

Looking back, when we built our first cross-country pipeline, we probably weren't thinking we'd become the largest energy infrastructure company in North America, \$165 billion in enterprise value and a global, must-own investment.

As you see from our map, we're a North American company. But we're also proud to be among the Canadian champions - companies across energy, banking, mining, telecommunications - that are the best at what we do - continentally and globally.

This gives us a unique position and perspective, and it engenders a sense of pride across all of Enbridge.

Back then, as now, our purpose is the same - to deliver the energy that fuels peoples' quality of life.

We talked about our 15,000 people and you've met the Board members. This slide is our leadership team. They bring tremendous experience, drive and ideas to the table. Please take a minute to meet them following the meeting.

Finally, one of the main goals we've had as we've brought Enbridge and Spectra Energy together is strong governance and ensuring the continuity of our business.

I'd like to acknowledge and thank those directors who have retired from both boards. It was members of both boards that also had the vision for the future that we've been talking about.

We'll now open the floor to questions.