

to further strengthen the energy value chain. The Company also recognizes that in the current environment of rapid change and strong competition, it will be necessary to be even more innovative and agile to realize future growth.

Enbridge sees considerable upside for the liquids pipelines business, and continues discussions with customers for a possible Phase III of the Terrace expansion program. The Company also continues to seek additional customers for the Enbridge Athabasca Pipeline.

A new avenue for participation in growth opportunities in the United States will be through Enbridge's operating role and 15.3% investment in Lakehead Pipe Line Partners. In January 2001, the Lakehead Partnership announced a new strategic plan involving expansion of its business scope to all suitable types of energy transportation assets, including terminals, feeder systems and natural gas assets. The master limited partnership structure is a low-cost source of capital, and the Lakehead Partnership will become the primary United States acquisition platform for Enbridge for mature hydrocarbon transportation assets.

Enbridge plans to aggressively expand its involvement in natural gas. That will include continued growth in the customer base of its Ontario gas franchise, and the move towards implementation of Comprehensive Performance-Based Regulation. It will include continued efforts to work with producers to plan for pipelines to bring northern natural gas to markets, from both the Alaskan North Slope and the Mackenzie Delta. And it will include active participation in the Cartier Pipeline project, announced in January 2001, to develop and construct pipelines to connect East Coast offshore gas to the existing pipeline grid in Quebec.

The Company will aggressively seek new opportunities for international investments, and will extend its current focus on selected areas based on global trends in supply and demand to include a more opportunistic approach to unique or strategic opportunities that arise. Enbridge will continue to pursue investments in Latin America, but is also pursuing projects in other select countries such as Oman and Japan.

Enbridge will continue to improve efficiencies throughout all of its businesses, with the shared services model being one component of that strategy. The Company will also continue to review all aspects of its business and all parts of the energy value chain, to ensure they are profitable. Where course corrections or asset dispositions are required, Enbridge will take timely and appropriate steps.

The Company continues to review acquisition opportunities, particularly for assets that complement existing businesses, and to assess joint ventures and investments. Although Enbridge has not, in recent years, pursued a major acquisition or merger, the Company remains open to any and all opportunities that make sense for shareholders.

In Appreciation

For Enbridge to grow and prosper and ensure its energy future, the Company will require the continued excellence of all of its employees. On behalf of the Board, we thank all of them for their continued dedication, hard work and innovation in 2000, and look forward to their continued contributions to our success.

We also extend our heartfelt thanks to Bill Fitzpatrick, who retired as a Director this year after serving on the Board since 1984, and to Brian MacNeill, who retired as Chief Executive Officer of Enbridge effective January 1, 2001. Under Brian's leadership, Enbridge was transformed into the major and diversified North American energy transportation and distribution enterprise that it is today. He also was the force behind the creation of the Enbridge brand. We thank him for his outstanding leadership and many contributions to Enbridge, and are pleased that he will remain on the Board as a Director.

On behalf of the Board of Directors:



Donald J. Taylor
Chair of the Board
of Directors
February 23, 2001



Patrick D. Daniel
President & Chief
Executive Officer

October

Enbridge announced plans to proceed with the second phase of its **Terrace expansion project** to expand capacity on the Enbridge Pipelines mainline system. The expansion, which is subject to regulatory approval, will

add 40,000 barrels per day of capacity in 2002, bringing total mainline capacity in Canada to 1.8 million barrels per day of crude oil and natural gas liquids.

December

Both the **Alliance** and **Vector** natural gas pipelines began commercial service, marking the realization of Enbridge's west-to-east strategy for natural gas, and confirming Enbridge as a major player in the natural

gas transmission business in North America. Alliance has capacity to transport 1.3 billion cubic feet per day of natural gas; Vector's start-up capacity is approximately 700 million cubic feet per day.