THE BOARD'S LETTER TO SHAREHOLDERS

Patrick D. Daniel, President & Chief Executive Officer (left) and Donald J. Taylor, Chair of the Board of Directors

The Year 2000 in Review

Enbridge had another excellent year in 2000. The Company once again achieved record earnings, posted a significant increase in share price, maintained its strong financial position and completed key operational objectives.

Total shareholder return, including dividends, amounted to 59% in 2000, compared with a 16% decline in 1999 and a gain of 12% in 1998. Dividends on common shares were increased, from $0.3025 per quarter to $0.3225 per quarter, a 6.6% rise. Following year-end, Enbridge announced the seventh consecutive annual increase in dividends with an 8.5% increase in the quarterly rate, to $0.35 per share, effective with the March 1, 2001, payment.

Enbridge also continued to grow its core businesses – liquids and natural gas pipelines and natural gas distribution – and develop new businesses. Almost $1 billion was spent on capital investments that are expected to facilitate continuation of the Company's growth profile.

Financial Highlights

Earnings applicable to common shareholders were $392.3 million, a 36% increase over the $287.9 million in 1999. Earnings per share increased to $2.54 per share in 2000 compared with $1.91 per share in 1999. Although the earnings increase was primarily due to reductions in income tax rates which reduced the Company's future tax liabilities, earnings per share continued to grow at a double-digit rate.

Return on average common shareholders' equity improved to 18.6% in 2000, well above average regulated rates of return in Canada.

Capital expenditures were $935 million, compared with the $1.1 billion the Company invested in 1999. Major elements of the 2000 capital spending program related to growth of core businesses, operational efficiency and integration along the energy value chain.

Operating Highlights

Enbridge achieved several key operational objectives in 2000, and began work on a number of new initiatives.

Energy Transportation – Liquids: Volumes for the Company's liquids pipeline system increased approximately 7% over 1999. Over time, further volume increases are expected as new sources of supply come on stream from conventional sources, new heavy oil development, and additional volumes of synthetic crude oil from oil sands plants that are currently being built or planned. In 2000, Enbridge announced plans to invest $120 million in the second phase of its Terrace expansion program; $35 million to double capacity at its Athabasca terminal near Fort McMurray, Alberta; and $55 million on facilities to transport and handle product from Petro-Canada's new oil sands operation scheduled for start-up in late 2002. Enbridge received regulatory approval for a new Incentive Tolling Settlement for 2000 through 2004, enabling Enbridge and its customers to continue to share in cost savings from efficient operation of the Canadian mainline pipeline system. Consolidation of control centres into a single new facility in Edmonton was also announced to improve efficiency and cut costs.

July

As part of its strategy of involvement in alternative energy technologies, Enbridge entered into a strategic alliance with Calgary-based Global Thermoelectric Inc. to develop and distribute natural gas-fuelled **fuel cell products** for the supply of electric power and heating for residential use. The alliance involves Enbridge in the development of an emerging energy technology, and could become a significant business opportunity in a few years in terms of product and gas sales.

August

Enbridge Gas New Brunswick began construction of its provincial natural gas distribution network. Work began in the major cities of southern New Brunswick – Fredericton, St. John and Moncton – and over the course of the 20-year franchise period, the Company expects to connect 70,000 customers throughout the province.