

**FORM 51-102F4  
BUSINESS ACQUISITION REPORT**

**ITEM 1 IDENTITY OF COMPANY**

**1.1 Name and Address of Company**

Enbridge Inc. (“**Enbridge**”)  
200, 425 – 1<sup>st</sup> Street SW  
Calgary, Alberta, T2P 3L8

**1.2 Executive Officer**

For further information, please contact John K. Whelen, Executive Vice President & Chief Financial Officer at 403-231-3900.

**ITEM 2 DETAILS OF ACQUISITION**

**2.1 Nature of Business Acquired**

***Acquisition of Enbridge Income Fund Holdings Inc. (“ENF”)***

Effective November 8, 2018, Enbridge completed its acquisition of ENF pursuant to an Arrangement Agreement dated as of September 17, 2018 as amended on September 27, 2018 (the “**ENF Arrangement Agreement**”), by and between Enbridge and ENF. Pursuant to the ENF Arrangement Agreement, Enbridge acquired all of the issued and outstanding common shares of ENF (“**ENF Shares**”) not already owned by Enbridge resulting in ENF becoming a wholly-owned subsidiary of Enbridge (the “**ENF Arrangement**”).

As a result of the ENF Arrangement, each ENF Share was exchanged for 0.7350 of a common share of Enbridge (“**Enbridge Shares**”) and cash of \$0.45 per ENF Share. In addition, each ENF shareholder who continued to hold Enbridge Shares on November 15, 2018 was also entitled to receive, as an Enbridge shareholder, Enbridge’s fourth quarter dividend declared in the amount of \$0.67100 per Enbridge Share, payable on December 1, 2018 to Enbridge shareholders of record on November 15, 2018. Each ENF shareholder also received the ENF dividend in the amount of \$0.1883 per ENF Share, payable on November 15, 2018 to ENF shareholders of record on October 31, 2018.

Prior to the ENF Arrangement, ENF, through its investment in Enbridge Income Fund, indirectly held high quality, low-risk energy infrastructure assets. Enbridge Income Fund’s assets consist of a portfolio of Canadian liquids transportation and storage businesses, including the Canadian Mainline, the Regional Oil Sands System, the Canadian segment of the Southern Lights Pipeline, Class A units entitling the holder to receive defined cash flows from the United States segment of the Southern Lights Pipeline, a 50 percent interest in the Alliance Pipeline, which transports natural gas from Canada to the United States, and interests in more than 1,400 megawatts of renewable and alternative power generation assets. As of October 2, 2018, Enbridge held 19.9% of the outstanding ENF Shares.

For more information on the ENF Arrangement, please refer to Enbridge's Form 8-K dated November 8, 2018 which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com).

***Acquisition of Spectra Energy Partners, LP (“SEP”)***

Effective December 17, 2018, Enbridge completed its acquisition of SEP pursuant to an Agreement and Plan of Merger, dated as of August 24, 2018 (the “**SEP Merger Agreement**”), by and among SEP, Enbridge, Autumn Acquisition Sub, LLC (“**SEP Merger Sub**”), and certain other affiliates of Enbridge. Pursuant to the SEP Merger Agreement, SEP Merger Sub merged with and into SEP, with SEP continuing as the surviving entity and an indirect, wholly owned subsidiary of Enbridge (the “**SEP Merger**”).

As a result of the SEP Merger, each common unit of SEP representing limited partner interests in SEP (each, an “**SEP Common Unit**”) issued and outstanding immediately prior to the effective time of the SEP Merger (excluding SEP Common Units owned by Enbridge and its affiliates) was converted into the right to receive from Enbridge 1.111 of an Enbridge Share.

Prior to the SEP Merger, SEP was a publicly-traded Delaware master limited partnership formed in 2007 that is engaged in the transmission, storage and gathering of natural gas, and the transportation and storage of crude oil, through interstate pipeline systems in the United States and Canada with approximately 16,000 miles of transmission and transportation pipelines, the storage of natural gas in underground facilities with aggregate working gas storage capacity of approximately 170 billion cubic feet (Bcf) and crude oil storage of approximately 5.6 million barrels. As of November 5, 2018, Enbridge, through its ownership of Spectra Energy Corp, owned 83.1% of the outstanding SEP Common Units.

For more information on the SEP Merger, please refer to Enbridge's Form 8-K dated December 17, 2018 which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com).

***Acquisition of Enbridge Energy Management, L.L.C. (“EEQ”)***

Effective December 20, 2018, Enbridge completed its acquisition of EEQ pursuant to an Agreement and Plan of Merger, dated as of September 17, 2018 (the “**EEQ Merger Agreement**”), by and among EEQ, Enbridge, Winter Acquisition Sub I, Inc. (“**EEQ Merger Sub**”) and certain other affiliates of Enbridge. Pursuant to the EEQ Merger Agreement, EEQ Merger Sub merged with and into EEQ on December 20, 2018, with EEQ continuing as the surviving entity and a direct wholly owned subsidiary of Enbridge (the “**EEQ Merger**”).

As a result of the EEQ Merger, each listed share of EEQ representing limited partner interests in EEQ (each, an “**EEQ Listed Share**”) issued and outstanding immediately prior to the effective time of the EEQ Merger (excluding the EEQ Listed Shares owned by Enbridge and its affiliates) was converted into the right to receive from Enbridge 0.335 of an Enbridge Share.

Prior to the EEQ Merger, EEQ was a publicly-traded Delaware limited liability company that is a limited partner of Enbridge, through its ownership of i-units, a

special class of the EEP's limited partner interests. EEQ's only investment is its limited partner interest in Enbridge Energy Partners, L.P.

For more information on the EEQ Merger, please refer to Enbridge's Form 8-K dated December 20, 2018 which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Acquisition of Enbridge Energy Partners, L.P. ("EEP")***

Effective December 20, 2018, Enbridge completed its acquisition of EEP pursuant to an Agreement and Plan of Merger, dated as of September 17, 2018 (the "**EEP Merger Agreement**"), by and among EEP, EEQ, Enbridge, Winter Acquisition Sub II, LLC ("**EEP Merger Sub**") and certain other affiliates of Enbridge. Pursuant to the EEP Merger Agreement, EEP Merger Sub merged with and into EEP on December 20, 2018, with EEP continuing as the surviving entity and an indirect wholly owned subsidiary of Enbridge (the "**EEP Merger**").

As a result of the EEP Merger, each Class A common unit of EEP representing limited partner interests in EEP (each, an "**EEP Class A Common Unit**") issued and outstanding immediately prior to the effective time of the EEP Merger (excluding EEP Class A Common Units owned by Enbridge and its affiliates) was converted into the right to receive from Enbridge 0.335 of an Enbridge Share.

Prior to the EEP Merger, EEP was a publicly-traded Delaware limited partnership that owns and operates crude oil and liquid petroleum transportation and storage assets and natural gas gathering, treating, processing, transportation and marketing assets in the United States. EEP was formed in 1991 by Enbridge Energy Company, Inc. to own and operate the Lakehead System, which is the U.S. portion of a crude oil and liquid petroleum pipeline system extending from western Canada through the upper and lower Great Lakes region of the United States to eastern Canada.

For more information on the EEP Merger, please refer to Enbridge's Form 8-K dated December 20, 2018 which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com).

## **2.2 Acquisition Date**

The ENF Arrangement was completed effective November 8, 2018 ("**ENF Effective Date**"). The SEP Merger was completed effective December 17, 2018 ("**SEP Effective Date**"). Both the EEQ Merger and the EEP Merger were completed effective December 20, 2018 ("**EEQ/EEP Effective Date**").

## **2.3 Consideration**

On the ENF Effective Date, Enbridge issued 104,032,230 Enbridge Shares and cash in the amount of \$63,693,198 in connection with the ENF Arrangement. Enbridge did not issue any fractional Enbridge Shares in connection with the ENF Arrangement. The cash portion of the ENF Arrangement consideration was satisfied through existing cash on hand.

On the SEP Effective Date, Enbridge issued 90,998,672 Enbridge Shares in connection with the SEP Merger. Enbridge did not issue any fractional Enbridge Shares in connection with the SEP Merger.

On the EEQ/EEP Effective Date, Enbridge issued 30,134,904 Enbridge Shares and cash in the amount of \$379.45 in lieu of fractional Enbridge Shares to certain holders, in connection with the EEQ Merger. The cash portion of the EEQ Merger consideration was satisfied through existing cash on hand.

On the EEQ/EEP Effective Date, Enbridge issued 72,256,023 Enbridge Shares and cash in the amount of \$5,093.57 in lieu of fractional Enbridge Shares to certain holders, in connection with the EEP Merger. The cash portion of the EEP Merger consideration was satisfied through existing cash on hand.

## **2.4 Effect on Financial Position**

There are no plans or proposals for any material changes in the respective business affairs of Enbridge, SEP, EEQ or EEP. On November 9, 2018, ENF was dissolved pursuant to the *Business Corporations Act* (Alberta).

For further information relating to the expected effect of the ENF Arrangement, the SEP Merger, the EEQ Merger and EEP Merger on Enbridge's financial statements please refer to the Unaudited Pro Forma Consolidated Financial Statements of Enbridge included in Appendix A of this document.

## **2.5 Prior Valuations**

In connection with the ENF Arrangement and pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*, the Special Committee of the Board of Directors of ENF obtained a formal valuation of the ENF Shares and a fairness opinion dated September 17, 2018 (the "**Formal Valuation and Fairness Opinion**") from Tudor, Pickering, Holt & Co. Securities – Canada, ULC, which concluded that subject to the scope of review, assumptions, limitations and qualifications set forth in the Formal Valuation and Fairness Opinion, the fair market value of the ENF Shares was between \$29.00 and \$35.50 per ENF Share. The Formal Valuation and Fairness Opinion considered the following valuation methodologies: dividend discount model analysis, discounted cash flow analysis, selected transactions analysis and selected company trading analysis.

Additional information regarding the Formal Valuation and Fairness Opinion is contained in the management information circular of ENF dated October 3, 2018 (the "**Circular**"). Both the Circular and the Formal Valuation and Fairness Opinion are filed on SEDAR and may be viewed at [www.sedar.com](http://www.sedar.com).

## **2.6 Parties to Transaction**

ENF, SEP, EEP and EEQ were affiliates of Enbridge prior to the ENF Arrangement, the SEP Merger, the EEP Merger and the EEQ Merger, as applicable, with each being an indirect or direct subsidiary of Enbridge.

## **2.7 Date of Report**

January 9, 2019

### ITEM 3 FINANCIAL STATEMENTS

The following financial statements of ENF, filed with the securities commissions or similar authorities in each of the provinces of Canada and available on SEDAR at [www.sedar.com](http://www.sedar.com), are specifically incorporated by reference in, and form a part of this Report:

1. the audited financial statements of ENF as at and for the years ended December 31, 2017 and 2016, together with the notes thereto and the Independent Auditor's Report thereon dated February 16, 2018 (the "**Auditor's Report**"); and
2. the unaudited interim financial statements of ENF as at and for the three and nine months ended September 30, 2018, together with the notes thereto.

Attached as Schedule "A" to this Report are Enbridge's unaudited pro-forma statements of financial position as at September 30, 2018 and unaudited pro-forma condensed consolidated statements of earnings for the nine months ended September 30, 2018 and the year ended December 31, 2017 together with the notes thereto.

**SCHEDULE "A"**

*See Attached*

## **INTRODUCTION TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Pursuant to the ENF Arrangement Agreement, Enbridge agreed to acquire all of the publicly held ENF Shares not already owned by Enbridge and its subsidiaries in a share-for-share transaction. On November 8, 2018, upon the completion of the ENF Arrangement, each ENF shareholder was entitled to receive for each ENF Share, other than those held by Enbridge or its subsidiaries, 0.7350 of an Enbridge Share and a cash payment of C\$0.45. The value of Enbridge Shares provided to the unaffiliated shareholders of ENF, based on the publicly held shares outstanding of ENF and the closing price of the Enbridge Shares traded on the TSX as at November 8, 2018, and the cash payments to the unaffiliated shareholders of ENF, was approximately C\$4.6 billion. In addition, each ENF shareholder who held their Enbridge Shares on November 15, 2018 received, as an Enbridge shareholder, Enbridge's fourth quarter dividend, declared in the amount of C\$0.67100 per Enbridge Share, payable on December 1, 2018 to Enbridge shareholders of record on November 15, 2018. Each ENF shareholder received the ENF dividend in the amount of C\$0.1883 per ENF Share, payable on November 15, 2018 to ENF shareholders of record on October 31, 2018. For the purpose of the accompanying unaudited pro forma condensed consolidated statements of financial position as at September 30, 2018, the cash payments associated with the Enbridge and the ENF dividends were not reflected, as the dividends were payable subsequent to the completion of the ENF Arrangement.

Pursuant to the SEP Merger Agreement, Enbridge agreed to acquire all of the SEP Common Units not already owned by Enbridge or its subsidiaries in a share-for-unit transaction. On December 17, 2018, upon completion of the SEP Merger, each SEP common unit, other than those held by Enbridge or its subsidiaries, was converted into the right to receive 1.111 Enbridge Shares.

Pursuant to the EEP Merger Agreement, Enbridge agreed to acquire all of the publicly held EEP Class A Common Units of EEP not already owned by Enbridge or its subsidiaries in a share-for-unit transaction. On December 20, 2018, upon completion of the EEP Merger, each EEP Class A Common Units, other than those held by Enbridge or its subsidiaries, was converted into the right to receive 0.335 of an Enbridge Share.

Pursuant to the EEP Merger Agreement and the EEQ Merger Agreement, Enbridge acquired all of the publicly held EEP Class A Common Units and the EEQ Listed Shares. Upon the closing of each of the EEP Merger and the EEQ Merger, each EEP Class A Common Unit and each EEQ Listed Share was converted into the right to receive 0.335 of an Enbridge Share.

The SEP Merger, the EEP Merger and the EEQ Merger are collectively referred to herein as the "Other Merger Transactions". The SEP Common Units, the EEP Class A Common Units and the EEQ Listed Shares, in each case not owned by Enbridge or its subsidiaries, are referred to herein as the "outstanding public securities" of such entities. For the purpose of the Unaudited Pro Forma Statements defined herein, it was assumed that the Other Merger Transactions were completed on November 8, 2018, and the values of Enbridge Shares provided upon the completion of the Other Merger Transactions were based on the publicly held shares outstanding of SEP, EEP and EEQ, respectively, and the closing price of the Enbridge Shares traded on the TSX as at November 8, 2018.

The accompanying unaudited pro forma condensed consolidated statements of financial position as at September 30, 2018, and the unaudited pro forma condensed consolidated statements of earnings for the nine months ended September 30, 2018, and the year ended December 31, 2017 (collectively, the "Unaudited Pro Forma Statements") have been prepared in accordance with generally accepted accounting principles in the United States of America and Regulation S-X. Accounting policies used in the preparation of the Unaudited Pro Forma Statements are consistent with those disclosed in the audited consolidated financial statements of Enbridge and ENF as at and for the year ended December 31, 2017, and the unaudited consolidated financial statements of Enbridge and ENF as at and for the nine months ended September 30, 2018. The note disclosure requirements of annual consolidated financial statements provide additional disclosures to that required for pro forma condensed consolidated financial statements.

- (1) The Unaudited Pro Forma Statements do not give effect to the sale of the provincially regulated portion of Enbridge's Canadian natural gas gathering and processing businesses to Brookfield Infrastructure Partners L.P. and its institutional partners on October 1, 2018, as described in Enbridge's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, incorporated by reference herein.

In addition to the ENF Arrangement and the Other Merger Transactions, the Unaudited Pro Forma Statements give effect to the Midcoast Transaction as defined and described below<sup>(1)</sup>:

- As disclosed in Enbridge's Current Report on Form 8-K filed on August 1, 2018, Enbridge's indirect subsidiary, Enbridge (U.S.) Inc. closed the sale of its indirect subsidiary Midcoast Operating, L.P. and its subsidiaries (collectively, "Midcoast", and such transaction, the "Midcoast Transaction") to AL Midcoast Holdings, LLC for cash proceeds of approximately US\$1.1 billion less deposits and other customary closing items.

The Unaudited Pro Forma Statements included herein have been derived from available preliminary information, certain assumptions that Enbridge believes are reasonable under the circumstances and the audited consolidated financial statements of Enbridge as of and for the year ended December 31, 2017, and the unaudited consolidated interim financial statements of Enbridge as of and for the nine months ended September 30, 2018.

The pro forma adjustments have been prepared as if the Midcoast Transaction, the ENF Arrangement and the Other Merger Transactions occurred on September 30, 2018, in the case of the unaudited pro forma condensed consolidated statements of financial position, and on January 1, 2017, in the case of the unaudited pro forma condensed consolidated statements of earnings for the nine months ended September 30, 2018 and the year ended December 31, 2017. The Unaudited Pro Forma Statements should be read in conjunction with the related notes, which are included herein, and the financial statements and notes included in Enbridge's Annual Report on Form 10-K for the year ended December 31, 2017, Enbridge's Quarterly Report on Form 10-Q for the nine months ended September 30, 2018, ENF's financial statements and notes for the year ended December 31, 2017 and for the nine months ended September 30, 2018, each incorporated by reference herein.

Because Enbridge controls SEP, EEP, EEQ and Enbridge Income Fund ("EIF") (a consolidated subsidiary of Enbridge with its noncontrolling interests held by ENF, whose business is limited to its investment in EIF) before and after the ENF Arrangement and Other Merger Transactions, if consummated, the changes in Enbridge's ownership interest in ENF, SEP, EEP and EEQ will be accounted for as equity transactions and no gains or losses will be recognized in Enbridge's condensed consolidated statements of earnings resulting from such transactions. In addition, the tax effects of such transactions are presented in additional paid-in capital. The pro forma adjustments related to the historical balances of ENF (an equity investment of Enbridge), after inter-company eliminations, are included in the "Other Merger Transactions Adjustments" column in the Unaudited Pro Forma Statements. Since the Enbridge historical financial information includes the accounts of SEP, EEP and EEQ, the historical financial information of those entities has not been shown separately.

The Unaudited Pro Forma Statements do not necessarily reflect what Enbridge's financial position and results of operations would have been if it had wholly owned ENF during the periods presented or had consummated the Midcoast Transaction and/or Other Merger Transactions as at the date to which such transactions are given effect. In addition, they are not necessarily indicative of its future results of operations or financial condition. The assumptions and adjustments give pro forma effect to events that are (i) directly attributable to Enbridge's transactions with ENF, the Midcoast Transaction and the Other Merger Transactions, (ii) factually supportable and (iii) with respect to the unaudited pro forma condensed consolidated statements of earnings, expected to have a continuing impact on Enbridge. The actual adjustments may differ from the pro forma adjustments.

**PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited)

As at September 30, 2018	Enbridge Historical	ENF Arrangement Adjustments	Notes	Pro Forma Subtotal	Other Merger Transactions Adjustments	Notes	Pro Forma Results
<i>(millions of C\$)</i>							
<b>Assets</b>							
Current assets	7,831	(72)	(a),(d)	7,759	—		7,759
Property, plant and equipment, net	90,679	—		90,679	—		90,679
Long-term investments	15,983	(28)	(b)	15,955	—		15,955
Goodwill	33,477	—		33,477	—		33,477
Other long-term assets	15,253	—		15,253	—		15,253
<b>Total assets</b>	<b>163,223</b>	<b>(100)</b>		<b>163,123</b>	<b>—</b>		<b>163,123</b>
<b>Liabilities and equity</b>							
Current liabilities	13,167	(148)	(a)	13,019	—		13,019
Long-term debt	58,707	—		58,707	—		58,707
Other long-term liabilities	9,090	—		9,090	—		9,090
Deferred income taxes	10,040	—		10,040	(982)	(i),(j)	9,058
<b>Total liabilities</b>	<b>91,004</b>	<b>(148)</b>		<b>90,856</b>	<b>(982)</b>		<b>89,874</b>
Redeemable noncontrolling interests	4,321	(4,321)	(c)	—	—		—
<b>Equity</b>							
<b>Share Capital</b>							
Preference shares	7,747	—		7,747	—		7,747
Common shares	51,944	4,505	(d)	56,449	8,361	(k)	64,810
Additional paid-in capital	4,346	(136)	(e)	4,210	(3,393)	(l)	817
Deficit	(3,718)	—		(3,718)	—		(3,718)
Accumulated other comprehensive income	570	—		570	—		570
Reciprocal shareholding	(102)	—		(102)	—		(102)
<b>Total Enbridge Inc. shareholders' equity</b>	<b>60,787</b>	<b>4,369</b>		<b>65,156</b>	<b>4,968</b>		<b>70,124</b>
Noncontrolling interests	7,111	—		7,111	(3,986)	(m)	3,125
	67,898	4,369		72,267	982		73,249
<b>Total liabilities and equity</b>	<b>163,223</b>	<b>(100)</b>		<b>163,123</b>	<b>—</b>		<b>163,123</b>

The accompanying notes are an integral part of this unaudited pro forma condensed consolidated financial statement.

**PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(Unaudited)

Nine months ended September 30, 2018	Enbridge Historical	Midcoast Transaction Adjustments	Notes	Pro Forma Subtotal	ENF Arrangement Adjustments	Notes	Pro Forma Subtotal	Other Merger Transactions Adjustments	Notes	Pro Forma Results
<i>(millions of C\$, except per share amounts)</i>										
Operating revenues										
Commodity sales	20,638	(1,627)	(p)	19,011	—		19,011	—		19,011
Gas distribution sales	3,260	—		3,260	—		3,260	—		3,260
Transportation and other services	10,918	(69)	(p)	10,849	—		10,849	—		10,849
<b>Total operating revenues</b>	<b>34,816</b>	<b>(1,696)</b>		<b>33,120</b>	<b>—</b>		<b>33,120</b>	<b>—</b>		<b>33,120</b>
Operating expenses										
Commodity costs	20,180	(1,480)	(p)	18,700	—		18,700	—		18,700
Gas distribution costs	1,857	—		1,857	—		1,857	—		1,857
Operating and administrative	4,929	(187)	(q),(u)	4,742	(3)	(f)	4,739	(2)	(n)	4,737
Depreciation and amortization	2,452	(6)	(q)	2,446	—		2,446	—		2,446
Impairment of long-lived assets	1,076	(914)	(q)	162	—		162	—		162
Impairment of goodwill	1,019	—		1,019	—		1,019	—		1,019
<b>Total operating expenses</b>	<b>31,513</b>	<b>(2,587)</b>		<b>28,926</b>	<b>(3)</b>		<b>28,923</b>	<b>(2)</b>		<b>28,921</b>
Operating income	3,303	891		4,194	3		4,197	2		4,199
Income from equity investments	1,076	(57)	(r)	1,019	—		1,019	—		1,019
Other expense	(110)	(1)	(r)	(111)	—		(111)	—		(111)
Interest expense	(2,042)	—	(r)	(2,042)	—		(2,042)	—		(2,042)
Earnings before income taxes	2,227	833		3,060	3		3,063	2		3,065
Income tax expense	(177)	(192)	(s)	(369)	9	(g)	(360)	(67)	(i)	(427)
Earnings	2,050	641		2,691	12		2,703	(65)		2,638
(Earnings)/loss attributable to noncontrolling interests and redeemable noncontrolling interests	(352)	—		(352)	104	(h)	(248)	269	(o)	21
Earnings attributable to controlling interests	1,698	641		2,339	116		2,455	204		2,659
Preference share dividends	(272)	—		(272)	—		(272)	—		(272)
<b>Earnings attributable to common shareholders</b>	<b>1,426</b>	<b>641</b>		<b>2,067</b>	<b>116</b>		<b>2,183</b>	<b>204</b>		<b>2,387</b>
Earnings per common share attributable to common shareholders	0.84			1.22			1.21			1.20
Diluted earnings per common share attributable to common shareholders	0.84			1.22			1.21			1.20
Weighted average common shares outstanding	1,695			1,695			1,799			1,992
Diluted weighted average common shares	1,699			1,699			1,803			1,996

The accompanying notes are an integral part of this unaudited pro forma condensed consolidated financial statement.

<b>Year ended December 31, 2017</b>	<b>Enbridge Historical</b>	<b>Midcoast Transaction Adjustments</b>	<b>Notes</b>	<b>Pro Forma Subtotal</b>	<b>ENF Arrangement Adjustments</b>	<b>Notes</b>	<b>Pro Forma Subtotal</b>	<b>Other Merger Transactions Adjustments</b>	<b>Notes</b>	<b>Pro Forma Results</b>
<i>(millions of C\$, except per share amounts)</i>										
Operating revenues										
Commodity sales	26,286	(3,002) (p)		23,284	—		23,284	—		23,284
Gas distribution sales	4,215	—		4,215	—		4,215	—		4,215
Transportation and other services	13,877	(167) (p)		13,710	—		13,710	—		13,710
<b>Total operating revenues</b>	<b>44,378</b>	<b>(3,169)</b>		<b>41,209</b>	<b>—</b>		<b>41,209</b>	<b>—</b>		<b>41,209</b>
Operating expenses										
Commodity costs	26,065	(2,830) (p)		23,235	—		23,235	—		23,235
Gas distribution costs	2,572	—		2,572	—		2,572	—		2,572
Operating and administrative	6,442	(345) (q),(u)		6,097	—		6,097	(1) (n)		6,096
Depreciation and amortization	3,163	(213) (q)		2,950	—		2,950	—		2,950
Impairment of long-lived assets	4,463	(4,392) (q)		71	—		71	—		71
Impairment of goodwill	102	(102) (q)		—	—		—	—		—
<b>Total operating expenses</b>	<b>42,807</b>	<b>(7,882)</b>		<b>34,925</b>	<b>—</b>		<b>34,925</b>	<b>(1)</b>		<b>34,924</b>
Operating income	1,571	4,713		6,284	—		6,284	1		6,285
Income from equity investments	1,102	(48) (r)		1,054	—		1,054	—		1,054
Other income	452	1 (r)		453	—		453	—		453
Interest expense	(2,556)	(1) (r)		(2,557)	—		(2,557)	—		(2,557)
Earnings before income taxes	569	4,665		5,234	—		5,234	1		5,235
Income tax recovery	2,697	(1,075) (s)		1,622	(3) (g)		1,619	(46) (i)		1,573
Earnings	3,266	3,590		6,856	(3)		6,853	(45)		6,808
Earnings attributable to noncontrolling interests and redeemable noncontrolling interests	(407)	29 (t)		(378)	175 (h)		(203)	164 (o)		(39)
Earnings attributable to controlling interests	2,859	3,619		6,478	172		6,650	119		6,769
Preference share dividends	(330)	—		(330)	—		(330)	—		(330)
<b>Earnings attributable to common shareholders</b>	<b>2,529</b>	<b>3,619</b>		<b>6,148</b>	<b>172</b>		<b>6,320</b>	<b>119</b>		<b>6,439</b>
Earnings per common share attributable to common shareholders	1.66			4.03			3.88			3.53
Diluted earnings per common share attributable to common shareholders	1.65			4.01			3.86			3.52
<b>Weighted average common shares outstanding</b>	<b>1,525</b>			<b>1,525</b>			<b>1,629</b>			<b>1,822</b>
Diluted weighted average common shares outstanding	1,532			1,532			1,636			1,828

The accompanying notes are an integral part of this unaudited pro forma condensed consolidated financial statement.

**NOTES TO THE PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**BASIS OF PRESENTATION**

The pro forma adjustments are based on the best information available and assumptions that we believe are factually supportable and directly attributable to the related transactions; however, such adjustments are subject to change. In addition, with respect to the unaudited pro forma condensed consolidated statements of earnings, pro forma adjustments have been made only for items that are expected to have a continuing impact on the consolidated results.

The Unaudited Pro Forma Statements are for illustrative and informational purposes only and are not intended to reflect what Enbridge's consolidated statements of earnings would have been had the ENF Arrangement, the Midcoast Transaction and the Other Merger Transactions occurred on the dates indicated and are not necessarily indicative of Enbridge's future consolidated statements of earnings.

The pro forma adjustments to the condensed consolidated statements of earnings, where applicable, have been translated from the United States Dollar to the Canadian Dollar using the year-to-date average rate for the period presented, except for impairments, which have been translated at the monthly average rate for the month incurred. The pro forma adjustments to the condensed consolidated statement of financial position, where applicable, have been translated from the United States Dollar to the Canadian Dollar using the spot rate as at September 30, 2018.

The impact of the Midcoast Transaction is included in the "Midcoast Transaction Adjustments" column, and the impact of the Other Merger Transactions is included in the "Other Merger Transactions Adjustments" column in the Unaudited Pro Forma Statements. These adjustments have been prepared on the same basis as the ENF Arrangement.

For the purpose of calculating the pro forma Basic and Diluted earnings per common share attributable to common shareholders, the historical weighted average number of Enbridge Shares outstanding during the period have been adjusted to give pro forma effect to the number of Enbridge Shares required to acquire the public securities of ENF, SEP, EEP and EEQ as at November 8, 2018.

The following is the estimated consideration for the ENF Arrangement and Other Merger Transactions (in millions of Canadian dollars, except exchange ratios and per unit/share amounts).

<b>Consideration</b>		
ENF		
ENF public shares exchanged <sup>(3)</sup>		142
ENF exchange ratio <sup>(1)</sup>		0.7350
Enbridge Shares assumed to be issued		104
Cash paid per ENF share <sup>(1)</sup>	\$	0.45
Total cash paid for ENF shares		64
SEP		
SEP public units exchanged <sup>(3)</sup>		82
SEP exchange ratio <sup>(2)</sup>		1.111
Enbridge Shares assumed to be issued		91
EEP		
EEP public units exchanged <sup>(3)</sup>		216
EEP exchange ratio <sup>(2)</sup>		0.335
Enbridge Shares assumed to be issued		72
EEQ		
EEQ public shares exchanged <sup>(3)</sup>		89
EEQ exchange ratio <sup>(2)</sup>		0.335
Enbridge Shares assumed to be issued		30
Consideration		
Total Enbridge Shares to be issued		297
Enbridge Shares closing price as of November 8, 2018	\$	43.32
Consideration - Enbridge Shares	\$	12,866
Consideration - cash paid for ENF Shares	\$	64
Total consideration <sup>(4)</sup>	\$	12,930

1. Per the ENF Arrangement Agreement, each ENF shareholder was entitled to receive for each ENF Share held, other than those held by Enbridge or its subsidiaries, 0.7350 of an Enbridge Share and a cash payment of C\$0.45 per ENF share.
2. Refer to note (k) below for further details on the exchange ratios.
3. Reflects publicly held ENF, SEP, EEP and EEQ shares or units, as applicable, as of November 8, 2018.
4. A C\$1 increase in the price of an Enbridge Share would increase the total consideration by approximately C\$296, and decrease the additional paid-in capital by approximately C\$257 for purposes of these Unaudited Pro Forma Statements.

## **PRO FORMA ADJUSTMENTS**

The Unaudited Pro Forma Statements reflect the following adjustments:

### ***The ENF Arrangement Adjustments***

- (a) Reflects the assets and liabilities relating to the consolidation of ENF upon the completion of the ENF Arrangement, which is historically accounted for as an equity method investment.
- (b) Reflects the removal of Enbridge's equity investment in ENF.
- (c) Reflects the elimination of Redeemable noncontrolling interests included in Enbridge's historical Consolidated Statements of Financial Position relating to EIF (a consolidated subsidiary of Enbridge with its noncontrolling interests held by ENF, whose business is limited to its investment in EIF).
- (d) Reflects the issuance of Enbridge Shares and cash payment in exchange of the outstanding public shares of ENF. Unaffiliated ENF shareholders received 0.7350 of an Enbridge Share and a cash payment of C\$0.45 per each ENF share. The value of Enbridge Shares to be provided has been calculated using the outstanding number of public shares of ENF and the closing share price of Enbridge Shares traded on TSX as at November 8, 2018.

In addition, each ENF shareholder who held their Enbridge Shares on November 15, 2018 received, as an Enbridge shareholder, Enbridge's fourth quarter dividend, declared in the amount of C\$0.67100 per Enbridge Share, payable on December 1, 2018 to Enbridge shareholders of record on November 15, 2018. Each ENF shareholder received the ENF dividend in the amount of C\$0.1883 per ENF Share, payable on November 15, 2018 to ENF shareholders of record on October 31, 2018. For the purpose of the accompanying unaudited pro forma condensed consolidated statements of financial position as at September 30, 2018, the cash payments associated with the Enbridge and the ENF dividends were not reflected, as the dividends were payable subsequent to the completion of the ENF Arrangement.

- (e) Reflects the impact on Additional paid-in capital associated with the acquisition of the public shares of ENF. It primarily consists of the difference between the fair value of Enbridge Shares issued and the respective Redeemable noncontrolling interests that are eliminated upon the acquisition of the related public shares, as well as any tax effects of the transactions.
- (f) Reflects the elimination of incremental transaction costs associated with the acquisition of the public shares of the ENF Arrangement, including the payment of financial advisory, legal and other professional fees and expenses, which are recorded in Enbridge's historical Consolidated Statements of Earnings.
- (g) Reflects the estimated income tax effects of the ENF Arrangement pro forma adjustments for the periods presented. The tax effect of the pro forma adjustments was calculated using the historical statutory rates in effect for the periods presented.
- (h) Reflects the elimination of earnings attributable to redeemable noncontrolling interests included in Enbridge's historical Consolidated Statements of Earnings relating to EIF.

#### ***Other Merger Transactions Adjustments***

- (i) Reflects the estimated income tax and deferred income tax effects of the Other Merger Transactions pro forma adjustments for the periods presented. The tax effect of the pro forma adjustments was calculated using the historical statutory rates in effect for the periods presented.
- (j) Reflects the reversal of the full valuation allowance of approximately C\$265 million on EEQ's deferred tax asset. Upon the close of the EEQ transaction, EEQ's valuation allowance is expected to be fully reversed with the deferred tax asset carried up to Enbridge.
- (k) Reflects the issuance of Enbridge Shares in exchange of the outstanding public securities of SEP, EEP and EEQ. As part of the Other Merger Transactions, holders of the outstanding public securities of SEP, EEP and EEQ will receive 1.111, 0.335, and 0.335, respectively, of Enbridge Shares per each of their outstanding public securities. The adjustments have been calculated using the outstanding number of public securities of each sponsored vehicle noted above and the closing share price of Enbridge Shares traded on TSX as at November 8, 2018.
- (l) Reflects the impact on Additional paid-in capital associated with the acquisition of the outstanding public securities of SEP, EEP and EEQ. It represents the difference between the fair value of Enbridge Shares issued and the respective Noncontrolling interests that are eliminated upon the acquisition of the related outstanding public securities, as well as any tax effects of the transactions.
- (m) Reflects the elimination of Noncontrolling interests included in Enbridge's historical Consolidated Statements of Financial Position relating to SEP, EEP and EEQ.
- (n) Reflects the elimination of incremental transaction costs associated with the acquisition of the outstanding public securities of SEP, EEP and EEQ, including the payment of financial advisory, legal and other professional fees and expenses, which are recorded in Enbridge's historical Consolidated Statements of Earnings.

- (o) Reflects the elimination of Earnings attributable to noncontrolling interests included in Enbridge's historical Consolidated Statements of Earnings relating to SEP, EEP and EEQ.

***Midcoast Transaction Adjustments***

- (p) Reflects the elimination of Operating revenues and Commodity costs of Midcoast.
- (q) Reflects the elimination of Operating and administrative expenses, Depreciation and amortization, Impairment of long-lived assets and Impairment of goodwill attributable to Midcoast. Not included in the pro forma results are anticipated savings due to costs that may be reduced or eliminated as a result of the disposition.
- (r) Reflects the elimination of non-operating income and expenses relating to Midcoast.
- (s) Represents the estimated income tax effects of the Midcoast Transaction pro forma adjustments for the periods presented. The tax effect of the pro forma adjustments was calculated using the historical statutory rates in effect for the periods presented.
- (t) Reflects the elimination of Noncontrolling interests included in Enbridge's historical Consolidated Statements of Earnings relating to Midcoast.
- (u) Reflects the elimination of US\$11 million of incremental transaction costs associated with completing the Midcoast Transaction, including the payment of financial advisory, legal and other professional fees and expenses, which are recorded in Enbridge's historical financial statements for the year ended December 31, 2017.

The following summarizes the pro forma adjustment to components of Total Enbridge Shareholders' Equity, Noncontrolling interests and Redeemable noncontrolling interests.

	Enbridge Shares	Additional Paid-in Capital	Total Enbridge Shareholders' Equity	Noncontrolling interests	Redeemable noncontrolling interests
<b>ENF</b>					
Common Shares issued	4,505	(4,505)	—	—	—
Eliminates redeemable noncontrolling interest related to ENF	—	4,321	4,321	—	(4,321)
Deferred tax adjustments	—	—	—	—	—
Cash paid for ENF shares	—	(64)	(64)	—	—
Other pro forma adjustments related to ENF	—	112	112	—	—
<b>SEP</b>					
Common Shares issued	3,942	(3,942)	—	—	—
Eliminates noncontrolling interest related to SEP	—	4,040	4,040	(4,040)	—
Deferred tax adjustments	—	(24)	(24)	—	—
<b>EEP</b>					
Common Shares issued	3,119	(3,119)	—	—	—
Eliminates noncontrolling interest related to EEP	—	(89)	(89)	89	—
Deferred tax adjustments	—	741	741	—	—
<b>EEQ</b>					
Common Shares issued	1,300	(1,300)	—	—	—
Eliminates noncontrolling interest related to EEQ	—	35	35	(35)	—
Deferred tax adjustments	—	265	265	—	—
<b>Total Pro Forma Adjustments</b>	<b>12,866</b>	<b>(3,529)</b>	<b>9,337</b>	<b>(3,986)</b>	<b>(4,321)</b>