ENBRIDGE INC.

CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

June 30, 2008

CONSOLIDATED STATEMENTS OF EARNINGS

	Three months ended June 30,		Six months ended June 30,	
(unaudited; millions of Canadian dollars, except per share amounts)	**2008**	2007	**2008**	2007
Revenues				
Commodity sales	**3,305.6**	2,161.0	**6,550.3**	4,847.6
Transportation	**490.0**	482.7	**1,089.8**	1,085.0
Energy services	**75.9**	85.0	**199.2**	154.3
	3,871.5	2,728.7	**7,839.3**	6,086.9
Expenses				
Commodity costs	**3,212.9**	2,047.0	**6,278.4**	4,578.8
Operating and administrative	**309.8**	274.6	**600.5**	554.9
Depreciation and amortization	**157.8**	151.9	**312.0**	299.0
	3,680.5	2,473.5	**7,190.9**	5,432.7
	191.0	255.2	**648.4**	654.2
Income from Equity Investments	**29.9**	36.4	**90.2**	80.4
Other Investment Income	**42.8**	67.0	**97.0**	108.6
Interest Expense	**(131.0)**	(133.2)	**(265.3)**	(273.8)
Gain on Sale of Investment in CLH *(Note 2)*	**694.6**	–	**694.6**	–
	827.3	225.4	**1,264.9**	569.4
Non-Controlling Interests	**(9.3)**	(19.4)	**(26.6)**	(25.0)
	818.0	206.0	**1,238.3**	544.4
Income Taxes	**(158.6)**	(57.8)	**(325.9)**	(167.5)
Earnings	**659.4**	148.2	**912.4**	376.9
Preferred Share Dividends	**(1.7)**	(1.7)	**(3.4)**	(3.4)
Earnings Applicable to Common Shareholders	**657.7**	146.5	**909.0**	373.5
Earnings per Common Share	**1.83**	0.41	**2.53**	1.06
Diluted Earnings per Common Share	**1.81**	0.41	**2.51**	1.05

See accompanying notes to the unaudited consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited; millions of Canadian dollars)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	**2008**	2007
Earnings	**659.4**	148.2	**912.4**	376.9
Other Comprehensive Income/(Loss)				
Change in unrealized gains/(losses) on cash flow hedges, net of tax	**7.5**	32.3	**3.5**	41.5
Reclassification to earnings of realized cash flow hedges, net of tax	**(7.5)**	9.6	**(3.1)**	16.9
Other comprehensive gain/(loss) from equity investees	**(27.4)**	5.2	**(34.8)**	(5.0)
Non-controlling interest in other comprehensive income	**12.5**	(2.8)	**17.8**	3.0
Change in foreign currency translation adjustment	**(102.3)**	(247.9)	**70.9**	(278.7)
Change in unrealized gains/(losses) on net investment hedges, net of tax	**56.1**	98.0	**(36.2)**	100.1
Other Comprehensive Income/(Loss)	**(61.1)**	(105.6)	**18.1**	(122.2)
Comprehensive Income	**598.3**	42.6	**930.5**	254.7

See accompanying notes to the unaudited consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Six months ended June 30,	
(unaudited; millions of Canadian dollars)	**2008**	2007
Preferred Shares	**125.0**	125.0
Common Shares		
Balance at beginning of period	**3,026.5**	2,416.1
Common shares issued	**–**	566.4
Dividend reinvestment and share purchase plan	**74.2**	9.2
Shares issued on exercise of stock options	**27.6**	18.7
Balance at End of Period	**3,128.3**	3,010.4
Contributed Surplus		
Balance at beginning of period	**25.7**	18.3
Stock-based compensation	**10.1**	6.4
Options exercised	**(1.9)**	(1.0)
Balance at End of Period	**33.9**	23.7
Retained Earnings		
Balance at beginning of period	**2,537.3**	2,322.7
Earnings applicable to common shareholders	**909.0**	373.5
Common share dividends	**(243.9)**	(225.8)
Dividends paid to reciprocal shareholder	**7.3**	6.7
Cumulative impact of change in accounting policy	**–**	(47.0)
Balance at End of Period	**3,209.7**	2,430.1
Accumulated Other Comprehensive Loss		
Balance at beginning of period	**(285.0)**	(135.8)
Other comprehensive income/(loss)	**18.1**	(122.2)
Cumulative impact of change in accounting policy	**–**	48.2
Balance at End of Period	**(266.9)**	(209.8)
Reciprocal Shareholding		
Balance at beginning of period	**(154.3)**	(135.7)
Participation in common shares issued	**–**	(18.6)
Balance at End of Period	**(154.3)**	(154.3)
Total Shareholders' Equity	**6,075.7**	5,225.1
Dividends Paid per Common Share	**0.660**	0.615

See accompanying notes to the unaudited consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited; millions of Canadian dollars)	Three months ended June 30,		Six months ended June 30,	
	2008	2007	**2008**	2007
Operating Activities				
Earnings	**659.4**	148.2	**912.4**	376.9
Depreciation and amortization	**157.8**	151.9	**312.0**	299.0
Unrealized losses on derivative instruments	**56.1**	6.4	**21.4**	13.5
Equity earnings less than/(in excess of) cash distributions	**1.6**	(3.2)	**(40.8)**	(27.9)
Gain on reduction of ownership interest	**–**	(33.9)	**(12.3)**	(33.9)
Gain on sale of investment in CLH	**(694.6)**	–	**(694.6)**	–
Future income taxes	**61.9**	5.6	**180.0**	71.3
Non-controlling interests	**9.3**	19.4	**26.6**	25.0
Other	**(3.6)**	11.1	**1.2**	(1.5)
Changes in operating assets and liabilities	**78.5**	109.8	**376.4**	458.8
	326.4	415.3	**1,082.3**	1,181.2
Investing Activities				
Long-term investments	**(1.6)**	(14.8)	**(6.8)**	(15.4)
Sale of investment in CLH	**1,369.0**	–	**1,369.0**	–
Settlement of CLH hedges	**(47.0)**	–	**(47.0)**	–
Additions to property, plant and equipment	**(652.8)**	(457.8)	**(1,264.8)**	(901.6)
Change in construction payable	**7.2**	45.8	**12.5**	3.7
	674.8	(426.8)	**62.9**	(913.3)
Financing Activities				
Net change in short-term borrowings and short-term debt	**(822.0)**	(536.3)	**(716.2)**	(1,110.4)
Net change in non-recourse short-term debt	**3.7**	3.9	**4.9**	7.2
Long-term debt issues	**–**	693.7	**–**	1,156.6
Long-term debt repayments	**–**	–	**(100.0)**	(534.5)
Non-recourse long-term debt issues	**–**	–	**1.2**	14.4
Non-recourse long-term debt repayments	**(30.6)**	(28.2)	**(31.3)**	(28.7)
Distributions to non-controlling interests	**(9.2)**	(7.0)	**(13.1)**	(12.7)
Common shares issued	**14.1**	18.7	**24.3**	586.2
Preferred share dividends	**(1.7)**	(1.7)	**(3.4)**	(3.4)
Common share dividends	**(87.0)**	(112.9)	**(170.5)**	(225.8)
	(932.7)	30.2	**(1,004.1)**	(151.1)
Increase in Cash and Cash Equivalents	**68.5**	18.7	**141.1**	116.8
Cash and Cash Equivalents at Beginning of Period	**239.3**	237.8	**166.7**	139.7
Cash and Cash Equivalents at End of Period	**307.8**	256.5	**307.8**	256.5

See accompanying notes to the unaudited consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited; millions of Canadian dollars)	**June 30, 2008**	December 31, 2007
Assets		
Current Assets		
Cash and cash equivalents	**307.8**	166.7
Accounts receivable and other	**2,767.2**	2,388.7
Inventory	**640.5**	709.4
	3,715.5	3,264.8
Property, Plant and Equipment, net	**13,645.0**	12,597.6
Long-Term Investments *(Note 2)*	**1,482.8**	2,076.3
Deferred Amounts and Other Assets	**1,210.6**	1,182.0
Intangible Assets	**210.0**	212.0
Goodwill	**389.8**	388.0
Future Income Taxes	**144.7**	186.7
	20,798.4	19,907.4
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term borrowings	**72.7**	545.6
Accounts payable and other	**2,896.3**	2,213.8
Interest payable	**87.0**	89.1
Current maturities of long-term debt	**872.2**	605.2
Current maturities of non-recourse debt	**66.0**	61.1
	3,994.2	3,514.8
Long-Term Debt	**7,205.2**	7,729.0
Non-Recourse Long-Term Debt	**1,491.7**	1,508.4
Other Long-Term Liabilities	**274.2**	253.9
Future Income Taxes	**1,100.7**	975.6
Non-Controlling Interests	**656.7**	650.5
	14,722.7	14,632.2
Shareholders' Equity		
Share capital		
Preferred shares	**125.0**	125.0
Common shares	**3,128.3**	3,026.5
Contributed surplus	**33.9**	25.7
Retained earnings	**3,209.7**	2,537.3
Accumulated other comprehensive loss	**(266.9)**	(285.0)
Reciprocal shareholding	**(154.3)**	(154.3)
	6,075.7	5,275.2
	20,798.4	19,907.4

See accompanying notes to the unaudited consolidated financial statements.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). These consolidated financial statements do not include all disclosures required for annual financial statements and therefore should be read in conjunction with the consolidated financial statements and notes thereto included in Enbridge Inc.'s 2007 Annual Report. These accounting principles are different in some respects from United States generally accepted accounting principles (U.S. GAAP) and the significant differences that impact the Company's financial statements are described in Note 8. These interim financial statements follow the same significant accounting policies and methods of application as those included in the 2007 Annual Report. Effective January 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535, *Capital Disclosures*, Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*.

Earnings for interim periods may not be indicative of results for the fiscal year due to the seasonal nature of the gas distribution utility business and other factors.

Certain comparative amounts have been reclassified to conform to the current year's presentation.

1. SEGMENTED INFORMATION

(millions of Canadian dollars) **Three months ended June 30, 2008**	Liquids Pipelines	Gas Pipelines	Sponsored Investments	Gas Distribution and Services	International	Corporate	Consolidated
Revenues	**269.8**	**83.5**	**72.4**	**3,440.9**	**2.4**	**2.5**	**3,871.5**
Commodity costs	**–**	**–**	**–**	**(3,212.9)**	**–**	**–**	**(3,212.9)**
Operating and administrative	**(115.6)**	**(30.1)**	**(23.7)**	**(128.8)**	**(4.3)**	**(7.3)**	**(309.8)**
Depreciation and amortization	**(42.4)**	**(23.3)**	**(18.8)**	**(71.4)**	**(0.2)**	**(1.7)**	**(157.8)**
	111.8	**30.1**	**29.9**	**27.8**	**(2.1)**	**(6.5)**	**191.0**
Income from equity investments	**–**	**–**	**22.9**	**(4.5)**	**13.1**	**(1.6)**	**29.9**
Other investment income and gain on sale of CLH	**14.0**	**1.2**	**1.5**	**6.0**	**705.2**	**9.5**	**737.4**
Interest and preferred share dividends	**(30.3)**	**(16.2)**	**(14.6)**	**(47.0)**	**–**	**(24.6)**	**(132.7)**
Non-controlling interests	**(0.4)**	**–**	**(7.0)**	**(1.8)**	**–**	**(0.1)**	**(9.3)**
Income taxes	**(18.8)**	**(6.2)**	**(10.7)**	**3.8**	**(138.3)**	**11.6**	**(158.6)**
Earnings applicable to common shareholders	**76.3**	**8.9**	**22.0**	**(15.7)**	**577.9**	**(11.7)**	**657.7**

(millions of Canadian dollars) Three months ended June 30, 2007	Liquids Pipelines	Gas Pipelines	Sponsored Investments	Gas Distribution and Services	International	Corporate	Consolidated
Revenues	258.2	78.5	69.2	2,318.4	2.2	2.2	2,728.7
Commodity costs	–	–	–	(2,047.0)	–	–	(2,047.0)
Operating and administrative	(100.5)	(20.8)	(19.9)	(123.8)	(3.4)	(6.2)	(274.6)
Depreciation and amortization	(38.9)	(21.3)	(19.9)	(70.3)	(0.3)	(1.2)	(151.9)
	118.8	36.4	29.4	77.3	(1.5)	(5.2)	255.2
Income from equity investments	(0.1)	–	27.6	(5.3)	14.4	(0.2)	36.4
Other investment income	3.5	1.8	35.8	(1.0)	12.2	14.7	67.0
Interest and preferred share dividends	(24.7)	(16.6)	(15.3)	(43.2)	–	(35.1)	(134.9)
Non-controlling interests	(0.5)	–	(17.1)	(1.4)	–	(0.4)	(19.4)
Income taxes	(31.2)	(8.2)	(27.0)	(3.4)	(1.1)	13.1	(57.8)
Earnings applicable to common shareholders	65.8	13.4	33.4	23.0	24.0	(13.1)	146.5

(millions of Canadian dollars) **Six months ended June 30, 2008**	Liquids Pipelines	Gas Pipelines	Sponsored Investments	Gas Distribution and Services	International	Corporate	Consolidated
Revenues	**544.2**	**166.1**	**141.6**	**6,977.4**	**5.1**	**4.9**	**7,839.3**
Commodity costs	**–**	**–**	**–**	**(6,278.4)**	**–**	**–**	**(6,278.4)**
Operating and administrative	**(224.7)**	**(51.9)**	**(43.5)**	**(260.6)**	**(7.8)**	**(12.0)**	**(600.5)**
Depreciation and amortization	**(82.7)**	**(44.3)**	**(37.9)**	**(143.3)**	**(0.4)**	**(3.4)**	**(312.0)**
	236.8	**69.9**	**60.2**	**295.1**	**(3.1)**	**(10.5)**	**648.4**
Income from equity investments	**(0.3)**	**–**	**58.0**	**9.1**	**25.0**	**(1.6)**	**90.2**
Other investment income and gain on sale of CLH	**22.0**	**6.0**	**21.3**	**9.3**	**710.6**	**22.4**	**791.6**
Interest and preferred share dividends	**(54.9)**	**(31.6)**	**(30.4)**	**(98.1)**	**–**	**(53.7)**	**(268.7)**
Non-controlling interests	**(0.7)**	**–**	**(22.0)**	**(3.4)**	**–**	**(0.5)**	**(26.6)**
Income taxes	**(50.5)**	**(17.2)**	**(34.0)**	**(73.9)**	**(138.3)**	**(12.0)**	**(325.9)**
Earnings applicable to common shareholders	**152.4**	**27.1**	**53.1**	**138.1**	**594.2**	**(55.9)**	**909.0**

(millions of Canadian dollars) Six months ended June 30, 2007	Liquids Pipelines	Gas Pipelines	Sponsored Investments	Gas Distribution and Services	International	Corporate	Consolidated
Revenues	531.9	165.1	132.8	5,247.8	4.9	4.4	6,086.9
Commodity costs	–	–	–	(4,578.8)	–	–	(4,578.8)
Operating and administrative	(202.4)	(41.1)	(37.3)	(256.2)	(7.2)	(10.7)	(554.9)
Depreciation and amortization	(77.9)	(44.3)	(38.1)	(135.7)	(0.5)	(2.5)	(299.0)
	251.6	79.7	57.4	277.1	(2.8)	(8.8)	654.2
Income from equity investments	(0.4)	–	44.2	8.0	29.2	(0.6)	80.4
Other investment income	3.7	17.1	36.8	3.1	21.1	26.8	108.6
Interest and preferred share dividends	(49.8)	(34.2)	(30.5)	(96.0)	–	(66.7)	(277.2)
Non-controlling interests	(0.7)	–	(21.1)	(2.7)	–	(0.5)	(25.0)
Income taxes	(69.7)	(23.5)	(35.6)	(57.4)	(1.5)	20.2	(167.5)
Earnings applicable to common shareholders	134.7	39.1	51.2	132.1	46.0	(29.6)	373.5

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

	Three months ended June 30,		Six months ended June 30,	
(millions of Canadian dollars)	**2008**	2007	**2008**	2007
Liquids Pipelines	**491.3**	249.6	**941.2**	460.3
Gas Pipelines	**31.0**	46.1	**96.0**	116.8
Sponsored Investments	**14.3**	13.2	**25.2**	19.0
Gas Distribution and Services	**80.8**	123.6	**166.4**	222.3
International and Corporate	**47.4**	19.7	**56.9**	85.9
	664.8	452.2	**1,285.7**	904.3

2. DISPOSITION

On June 17, 2008, the Company sold its 25% investment in Compañia Logística de Hidrocarburos CLH, S.A. (CLH) for total proceeds of $1.38 billion (876 million euros), including a dividend receivable of $17.3 million (10.9 million euros), net of transaction costs. The sale of CLH resulted in a gain of $694.6 million. Earnings generated by the CLH investment were $15.5 million (2007 – $16.7 million) and $24.7 million (2007 – $31.2 million), for the three and six months ended June 30, 2008, respectively, and are included in the International reporting segment. Cash flows generated by the CLH investment were $11.5 million for the six months ended June 30, 2008 (2007 – $13.8 million).

3. RISK MANAGEMENT

MARKET PRICE RISK

Enbridge's earnings are subject to movements in interest rates, foreign exchange rates and commodity prices (collectively, market price risk). Formal risk management policies, processes and systems have been designed to mitigate these risks. The following summarizes the types of market price risks to which the Company is exposed and the risk management instruments used to mitigate them.

Earnings at Risk

Earnings at Risk (EaR) is the principal risk management metric used to quantify market price risk at Enbridge. EaR is an objective, statistically derived risk metric that measures, with a 97.5% level of confidence, the maximum adverse change in projected 12-month earnings that could result from market price risk over a one-month period. The Company's policy is to target a maximum EaR of 5% of earnings.

The Company calculates EaR using Monte Carlo simulation to produce projections of earnings using a randomly generated series of forecasted market prices and Enbridge's current market exposures. Historical statistical distributions of market prices and the correlation among those market prices are used to generate an entire probability distribution of possible deviations from forecast earnings.

Commodity Price Risk

Commodity price risk is the risk of gain or loss due to changes in the market price of commodities. The Company may use natural gas price swaps, futures and options to manage the value of commodity purchases and sales that arise from capacity commitments it holds on the Alliance and Vector pipelines. The Company may also use natural gas, power, crude oil and natural gas liquids swaps, collars or options to fix the value of variable price exposures that arise from other commodity usage, storage, transportation and supply agreements.

The Company's earnings are exposed to commodity price risk through its 42.7% interest in the Aux Sable NGL plant. Under the terms of the operating agreement, the Company earns a share of any net margin generated by the plant in excess of specified natural gas processing margin thresholds. A significant portion of this exposure has been economically hedged for 2008 and 2009 using financial derivatives. However, the unrealized gains and losses on the derivatives that settle in future periods are recognized in current period earnings, while recognition of the excess natural gas processing margin in earnings generally occurs later in the calendar year, based on the Company's revenue recognition policy.

Had fractionation spreads been 10 US cents per gallon higher or lower, earnings from Aux Sable would have been impacted by $6.8 million for the three months ended June 30, 2008 and $7.4 million for the six months ended June 30, 2008 due to the revaluation of the derivatives and limited recognition of the natural gas processing margin.

The Company is also exposed to commodity price risk through its Energy Services businesses as well as its investment in Enbridge Energy Partners (EEP). These businesses have limits as to the amount of capital they can deploy and, consequently, the amount to which their market exposures can impact earnings. The Company's Energy Services division and EEP have EaR limits of $12 million and $7 million, respectively, at June 30, 2008.

Foreign Exchange

Foreign exchange risk is the risk of gains and losses due to the volatility of currency exchange rates. The Company has exposure to foreign currency exchange rates, primarily arising from its U.S. dollar denominated investments and, to a lesser extent, its monetary assets and liabilities denominated in this currency. The carrying values of assets and liabilities as well as the comprehensive income and earnings derived from them, are subject to foreign exchange rate fluctuation. The Company uses long dated par forward contracts and cross currency swaps to manage a portion of the foreign exchange exposure related to both changes in carrying values of its equity investments and forecasted cash flows from other

investments. The Company uses some of its U.S. dollar denominated debt to hedge the carrying values of certain equity investments. In addition, the Company uses short and long-term foreign exchange forward contracts to manage exposure related to foreign currency denominated receivables, payables and long-term debt.

The Canadian dollar carrying values of the Company's equity investments and monetary assets and liabilities denominated in U.S. dollars at June 30, 2008 are summarized below.

(millions of Canadian dollars)	Assets/(Liabilities)
Net Working Capital	(729.3)
Equity Investments	918.0
Long-Term Debt	(1,551.8)

The earnings impact of a $0.05 change to exchange rates for the three and six month periods ended June 30, 2008, would have been $2.8 million and $5.4 million respectively. A similar change would have impacted after-tax other compensation income (OCI) by $5.0 million.

Interest Rate Risk

The Company is exposed to interest rate fluctuations in the form of cash flow interest rate risk and fair value interest rate risk. Cash flows are impacted by changes in market interest rates on variable rate debt (primarily commercial paper). The fair value of fixed rate long-term debt is also impacted by changes in market interest rates. Floating to fixed interest rate swaps, collars and forward rate agreements are used to mitigate cash flow volatility due to future interest rate movements on existing debt instruments. The Company is also exposed to cash flow interest rate risk on fluctuations in market interest rates ahead of anticipated fixed rate debt issuances. The Company may enter into interest rate derivatives such as bond forwards and treasury locks to fix a portion of the interest payments of these future debt issuances.

The Company monitors its fixed and variable rate debt instruments, targeting a debt portfolio mix of up to 25% floating rate debt as a percentage of total debt outstanding, within its policy limit band. Fixed to floating swaps are also used from time to time to manage this position and optimize the Company's debt portfolio. The Company does not typically manage the fair value risk of its debt instruments.

Based on variable rate debt issuances through the three and six month periods ended June 30, 2008, a 1.0% change in interest rates would have had a $2.8 million and $6.3 million impact on earnings after hedging gains and losses are considered. A similar change in interest rates would have had a $7.0 million impact on after-tax OCI during the quarter.

Equity Price Risk

Equity price risk is the risk of earnings fluctuations due to changes in the Company's share price. The Company has exposure to its own common share price through the issuance of various forms of stock based compensation, which effect earnings through revaluation of the outstanding units every period. During the period, the Company has mitigated the earnings volatility derived from one form of stock based compensation, Restricted Stock Units (RSUs), by entering into a series of derivatives – Total Return Forwards. More information on the RSUs is available in the Company's most recent Annual Report.

The Total Return Forwards reduce earnings volatility by creating a gain (loss) when the Company's share price increases (decreases) to offset a higher (lower) compensation expense. The Company uses hedge accounting to match the revaluation of the Total Return Forwards with the recognition of the expense due to revaluation of the RSUs. The impact on OCI of a $4 change in the Company's share price due to revaluation of the Total Return Forwards would have been $2.8 million. Since earnings recognition of the Total Return Forwards is matched to the recognition of the RSUs, the sensitivity of earnings to the revaluation of Total Return Forwards is insignificant.

SUMMARY OF DERIVATIVE INSTRUMENTS USED FOR RISK MANAGEMENT

The current portion of derivatives receivable or payable is included in Accounts Receivable and Other or Accounts Payable and Other, while the long-term portion is included in Deferred Amounts and Other Assets or Other Long-Term Liabilities.

Total Derivative Instruments

(millions of Canadian dollars unless otherwise noted) **June 30, 2008**	Notional Principal or Quantity	Fair Value Receivable/ (Payable)	Maturity
Foreign exchange			
U.S. cross currency swaps	**138.0**	**46.5**	**2013-2022**
Forwards (cumulative exchange amounts)	**2,550.5**	**215.9**	**2008-2022**
Interest rates			
Interest rate swaps/collars	**687.4**	**(11.4)**	**2008-2029**
Equity price			
Forwards *(millions of shares)*	**0.8**	**1.4**	**2008-2010**
Energy commodities			
Energy commodity *(bcf)*	**552.6**	**(31.0)**	**2008-2010**
Power *(MW/H)*	**57.0**	**20.9**	**2008-2024**

The fair value of derivative instruments has been estimated using period end market information. This market information includes observable inputs such as published market prices for commodities, interest rate yield curves and foreign exchange rates. When possible, financial instruments are valued using quoted market prices.

Derivative Instruments used as Cash Flow Hedges

(millions of Canadian dollars unless otherwise noted) **June 30, 2008**	Notional Principal or Quantity	Fair Value Receivable/ (Payable)	Maturity
Foreign exchange			
U.S. cross currency swaps	**138.0**	**46.5**	**2013-2022**
Forwards (cumulative exchange amounts)	**1,843.1**	**40.8**	**2008-2022**
Interest rates			
Interest rate swaps/collars	**687.4**	**(11.4)**	**2008-2029**
Equity price			
Forwards *(millions of shares)*	**0.8**	**1.4**	**2008-2010**
Energy commodities			
Energy commodity *(bcf)*	**36.7**	**32.2**	**2008-2010**
Power *(MW/H)*	**2.0**	**(3.9)**	**2008-2017**

The Company estimates that $2.4 million of accumulated other comprehensive income/(loss) (AOCI) related to cash flow hedges will be reclassified to earnings in the next 12 months.

Derivative and Other Financial Instruments used as Net Investment Hedges

(millions of Canadian dollars unless otherwise noted) **June 30, 2008**	Notional Principal or Quantity	Fair Value Receivable/ (Payable)	Maturity
Foreign exchange			
Forwards (cumulative exchange amounts)	**707.4**	**175.1**	**2013-2020**

The Company has also designated a US$300 million medium-term note and US$241 million of commercial paper as hedges of certain U.S. dollar investments.

Fair Value Hedges
As at June 30, 2008, the Company did not have any outstanding fair value hedges.

Unrealized Gains and Losses on Non-Hedging Derivatives
The Company does not use derivative instruments for speculative purposes; however, if a derivative instrument is not an effective hedge for accounting purposes or is not designated as a hedging item, changes in the fair value are recorded in current period earnings. For the three and six month periods ended June 30, 2008, the Company had after tax unrealized losses of $37.9 million (2007 – $3.7 million loss) and $16.5 million (2007 – $10.8 million loss) related to non-hedging derivatives. Realized losses on these instruments for the three and six month periods ended June 30, 2008 were $11.1 million (2007 – $5.4 million) and $25.3 million (2007 – $11.2 million) after tax.

The Company's regulated Liquids Pipelines segment uses a fixed price contract and related financial instrument to manage the mix of fixed and floating power costs. The Company recognizes the fair value of the fixed price contract, the fair value of the financial instrument and a regulatory liability that will be recognized over the life of the fixed price contract. At June 30, 2008, the Company recognized a liability of $7.3 million for unrealized financial instrument losses, an asset of $34.0 million related to the fixed price power contract and a regulatory liability of $26.7 million.

4. FINANCIAL INSTRUMENTS

	June 30, 2008		December 31, 2007	
(millions of Canadian dollars)	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	**307.8**	**307.8**	166.7	166.7
Accounts receivable and other	**2,378.8**	**2,378.8**	2,095.4	2,095.4
Available for sale[1]	**76.5**	**n/a**	75.0	n/a
Held to maturity[2]	**404.7**	**388.1**	404.7	379.5
Current derivatives receivable[3]	**86.6**	**86.6**	79.5	79.5
Long-term derivatives receivable[3]	**331.2**	**331.2**	368.5	368.5
Long-term notes receivable	**138.7**	**143.8**	133.8	n/a
Financial Liabilities				
Accounts payable and other deferred amounts	**2,631.5**	**2,631.5**	2,095.5	2,095.5
Short-term borrowings	**72.7**	**72.7**	545.6	545.6
Long-term debt[4]	**9,766.4**	**10,189.1**	10,509.1	10,489.0
Current derivatives payable[3]	**100.7**	**100.7**	82.4	82.4
Long-term derivatives payable[3]	**74.5**	**74.5**	64.0	64.0

1 *Available for sale investments do not trade on an actively quoted market and no fair value disclosure is available.*
2 *Held to maturity investments include instruments denominated in U.S. dollars that have a fair value less than carrying value due to exchange rate fluctuations. This decline in fair value is considered temporary.*
3 *Derivatives receivable and payable include those derivatives used in hedging relationships and non-hedging derivatives.*
4 *Long-term debt includes non-recourse debt and excludes transaction costs.*

The fair value of financial instruments reflects the Company's best estimates of market value based on generally accepted valuation techniques or models and supported by observable market prices and rates. When such prices are not available, the Company uses discounted cash flow analysis from applicable yield curves based on observable market inputs. The fair value of financial instruments, other than derivatives, represents the amounts that would have been received from or paid to counterparties to settle these instruments at the reporting date.

The fair value of cash and cash equivalents and short-term borrowings approximates their carrying value due to their short-term maturities.

The fair value of the Company's long-term debt is based on quoted market prices for instruments of similar yield and tenure.

The fair value of other financial assets and liabilities approximate their cost, due to either the short period to maturity or lack of an actively quoted market. Changes in the fair value of financial liabilities are due solely to fluctuations in interest rates, currency exchange rates, and commodity prices, as well as time value.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. In order to manage this risk, the Company forecasts the cash requirements over the near and long term to determine whether sufficient funds will be available. The Company's primary source of liquidity and capital resources are funds generated from operations, short-term financing through the issuance of short-term commercial paper and longer term debt which includes debentures and medium-term notes. The Company can more quickly access either the Canadian or U.S. public capital markets by maintaining current shelf prospectuses with the securities regulators. In addition, the Company maintains sufficient liquidity through committed credit facilities with its banking groups which would enable the Company to fund all anticipated requirements for one year without accessing the capital markets. The Company expects to generate sufficient cash from operations and debt issuances to fund liabilities as they become due, finance planned investing activity and pay common share dividends throughout the year. Additional liquidity, if necessary, is available under committed credit facilities or through access to the capital markets.

MATURITIES OF FINANCIAL LIABILITIES

The Company generally has no financial liabilities maturing beyond one year with the exception of its long-term debt. The following tables summarize expected cash outflows to settle both the principal and the interest payments associated with the debt.

Financial Liabilities

(millions of Canadian dollars) **June 30, 2008**	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Total debt	**8,150.1**	**943.8**	**851.5**	**451.8**	**5,903.0**
Non-recourse long-term debt	**1,557.7**	**66.0**	**276.4**	**271.2**	**944.1**
	9,707.8	**1,009.8**	**1,127.9**	**723.0**	**6,847.1**

Interest Obligations

(millions of Canadian dollars) **June 30, 2008**	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Interest payments on debt	**5,041.1**	**384.5**	**668.6**	**575.5**	**3,412.5**
Interest payments on non-recourse debt	**763.9**	**86.8**	**155.0**	**134.7**	**387.4**
	5,805.0	**471.3**	**823.6**	**710.2**	**3,799.9**

CREDIT RISK

Entering into derivative financial instruments can give rise to credit risk. Credit risk arises from the possibility that a counterparty will default on its contractual obligations and is limited to those contracts where the Company would incur a loss in replacing the instrument. The Company enters into risk management transactions only with institutions that possess investment grade credit ratings. Credit risk

relating to derivative counterparties is mitigated by credit exposure limits, contractual and collateral requirements and netting arrangements. The Company has credit risk of $417.8 million related to its derivative counterparties.

Credit risk also arises from trade receivables, which is mitigated by credit exposure limits, contractual and collateral requirements and netting arrangements. Credit risk in the Gas Distribution and Services segment is mitigated by the large and diversified customer base and the ability to recover an estimate for doubtful accounts through the ratemaking process. Generally, the Company classifies receivables older than 30 days as past due.

The maximum exposure to credit risk related to non-derivative financial assets is their carrying value, as disclosed in the financial instruments summary table above.

5. POST-EMPLOYMENT BENEFITS

The Company has three basic pension plans, which provide either defined benefit or defined contribution pension benefits, or both, to employees of the Company. The Liquids Pipelines and Gas Distribution and Services pension plans provide Company funded defined benefit pension and/or defined contribution benefits to Canadian employees of Enbridge. The Enbridge U.S. pension plan provides Company funded defined benefit pension benefits for U.S. based employees. The Company has four supplemental pension plans which provide pension benefits in excess of the basic plans for certain employees. The Company also provides post-employment benefits other than pensions (OPEB) for qualifying retired employees. Costs related to the period are presented below.

NET PENSION PLAN AND OPEB COSTS

	Three months ended June 30,		Six months ended June 30,	
(millions of Canadian dollars)	**2008**	2007	**2008**	2007
Benefits earned during the period	**12.1**	13.0	**25.8**	26.4
Interest cost on projected benefit obligations	**18.0**	16.9	**35.6**	34.0
Expected return on plan assets	**(23.2)**	(21.8)	**(45.8)**	(43.7)
Amortization of unrecognized amounts	**1.2**	3.5	**3.1**	7.4
Amount charged to Enbridge Energy Partners, L.P.	**(2.4)**	(2.6)	**(4.9)**	(5.7)
Pension and OPEB Costs	**5.7**	9.0	**13.8**	18.4

The table reflects the pension and OPEB cost for all of the Company's benefit plans on an accrual basis. Using the cash basis for Gas Distribution and Services rate regulated plans and the accrual method for other plans, the Company's pension and OPEB cost was $6.2 million for the three months ended June 30, 2008 (2007 – $7.9 million) and $14.2 million for the six months ended June 30, 2008 (2007 – $15.4 million).

6. CAPITAL DISCLOSURES

The Company defines capital as shareholders' equity (excluding AOCI and reciprocal shareholdings), long-term debt (excluding non-recourse debt and transaction costs), short-term borrowings and non-controlling interests less cash and cash equivalents (excluding cash and cash equivalents from joint ventures and other interests not exclusively controlled by the Company). Non-recourse debt, including debt consolidated proportionately from joint venture interests, is excluded from the Company's definition of capital as it is not controlled or managed exclusively by the Company.

The Company's capital is calculated as follows:

(millions of Canadian dollars)	**June 30, 2008**	December 31, 2007
Short-term borrowings	**72.7**	545.6
Long-term debt (includes current portion)	**8,135.9**	8,393.9
Non-controlling interests	**656.7**	650.5
Shareholders' equity	**6,496.8**	5,714.5
Cash and cash equivalents	**(249.8)**	(115.9)
	15,112.3	15,188.6

The Company's objectives when managing capital are to maintain flexibility among:

- enabling its businesses to operate at the highest efficiency;
- providing liquidity for growth opportunities; and
- providing acceptable returns to shareholders.

These objectives are primarily met through maintenance of an investment grade credit rating, which provides access to lower cost capital. Capital is available generally through the issuance of both short and long-term debt, and equity.

The Company monitors and manages its debt to debt plus equity ratio (excluding non-recourse debt), with a target range of 60% to 70%, to meet its capital management objectives. The debt to capitalization ratio at June 30, 2008, including short-term borrowings but excluding non-recourse short and long-term debt, was 57.4%, compared with 62.7% at the end of 2007.

The Company must adhere to covenants in its credit facilities that are used to backstop its commercial paper program. These covenants include maintaining a minimum Consolidated Shareholders' Equity balance of $1 billion or greater and a debt to Unconsolidated Shareholders' Equity of less than 1.5. As at June 30, 2008, the Company was in compliance with these covenants.

Under terms of the Company's Trust Indenture, in order to continue to issue long-term debt, the Company must maintain a ratio of Consolidated Funded Obligations (essentially all debt except non-recourse debt) to Total Consolidated Capitalization of less than 75%. Total Consolidated Capitalization consists of shareholders' equity, long-term debt, non-controlling interests and future income tax. As at June 30, 2008, the Company was in compliance with this covenant.

7. COMMITMENTS AND CONTINGENCIES

The Company has signed contracts for the purchase of services, pipe and other materials totaling $1,837.6 million, to be used in the construction of several Liquids Pipelines projects including Southern Lights Pipeline, Alberta Clipper Project, Southern Access Expansion, Hardisty Terminal, Fort Hills Pipeline and Line 4 Extension.

ENBRIDGE ENERGY COMPANY, INC.

Enbridge Energy Company, Inc. (EEC), a subsidiary of the Company and the general partner of EEP, is the former owner of Enbridge Midcoast Energy Inc. (Midcoast). The IRS challenged Midcoast's tax treatment of its 1999 acquisition of several partnerships that owned a natural gas pipeline system in Kansas (these assets were sold to EEP in 2002 and subsequently sold by EEP in 2007). In March 2008, an unfavourable court decision was received sustaining the IRS position, decreasing the U.S. tax basis for the pipeline assets. Enbridge's earnings for the six months ended June 30, 2008 reflected a decrease of $32.2 million in consideration of the adverse court decision which, when combined with amounts previously recorded, provides fully for the liability. Given loss carryforwards in EEC prior to the decision, the cash tax impact of the decision was not significant. Enbridge continues to believe the tax treatment of the acquisition and the

related tax deductions claimed were appropriate and is appealing the decision. A final decision on this matter is not expected before 2009.

CAPLA CLAIM

In 2002, the Canadian Alliance of Pipeline Landowners' Associations (CAPLA) and two individual landowners commenced a class action against the Company and TransCanada PipeLines Limited. The claim relates to restrictions in the National Energy Board Act on crossing the pipeline and the landowners' use of land within a 30-metre control zone on either side of the pipeline easements. The Plaintiffs filed a motion to establish a cause of action which is one of the requirements to have the motion certified as a class action under the *Class Proceedings Act (Ontario)*. The motion was dismissed by the Ontario District Court in late 2006. The Plantiff appealed the decision, the appeal was heard by the Ontario Court of Appeal on December 18, 2007 and, in its judgment issued April 4, 2008, the Court dismissed CAPLA's appeal. CAPLA did not appeal this matter to the Supreme Court of Canada and is now time-barred from doing so. As a result, the CAPLA litigation has concluded.

8. UNITED STATES ACCOUNTING PRINCIPLES

These consolidated financial statements have been prepared in accordance with Canadian GAAP. The effects of significant differences between Canadian GAAP and U.S. GAAP for the Company are described below.

EARNINGS AND COMPREHENSIVE INCOME

	Three months ended June 30,		Six months ended June 30,	
(millions of Canadian dollars, except per share amounts)	**2008**	2007	**2008**	2007
Earnings under Canadian and U.S. GAAP Applicable to Common Shareholders	**657.7**	146.5	**909.0**	373.5
Earnings under Canadian and U.S. GAAP	**659.4**	148.2	**912.4**	376.9
Other comprehensive income/(loss) under Canadian GAAP	**(61.1)**	(105.6)	**18.1**	(122.2)
Underfunded pension adjustment (net of tax)[4]	**(0.2)**	0.3	**0.1**	1.1
Comprehensive income under U.S. GAAP	**598.1**	42.9	**930.6**	255.8
Earnings per Common Share under U.S. GAAP	**1.83**	0.41	**2.53**	1.06
Diluted Earnings per Common Share under U.S. GAAP	**1.81**	0.41	**2.51**	1.05

FINANCIAL POSITION

(millions of Canadian dollars)	June 30, 2008		December 31, 2007	
	Canada	U.S.	Canada	U.S.
Assets				
Current Assets				
Cash and cash equivalents[2,5]	**307.8**	**464.9**	166.7	214.4
Accounts receivable and other[2,3,5]	**2,767.2**	**3,814.2**	2,388.7	3,118.4
Inventory[3,5]	**640.5**	**773.0**	709.4	817.3
	3,715.5	**5,052.1**	3,264.8	4,150.1
Property, plant and equipment, net[2,5]	**13,645.0**	**19,792.0**	12,597.6	17,999.4
Long-term investments[2,5]	**1,482.8**	**636.1**	2,076.3	1,253.1
Deferred amounts and other assets[1,2,3,4,5]	**1,210.6**	**1,692.5**	1,182.0	1,653.5
Intangible assets[5]	**210.0**	**302.5**	212.0	302.4
Goodwill[5]	**389.8**	**737.4**	388.0	725.1
Future income taxes[5]	**144.7**	**146.3**	186.7	187.3
	20,798.4	**28,358.9**	19,907.4	26,270.9
Liabilities and Shareholders' Equity				
Current Liabilities				
Short-term borrowings	**72.7**	**72.8**	545.6	545.5
Accounts payable and other[2,3,5]	**2,896.3**	**4,259.7**	2,213.8	3,195.1
Interest payable[5]	**87.0**	**122.3**	89.1	109.8
Current maturities of long-term debt[4]	**872.2**	**872.2**	605.2	632.7
Current portion of non-recourse debt[2,5]	**66.0**	**297.6**	61.1	60.9
	3,994.2	**5,624.6**	3,514.8	4,544.0
Long-term debt[3]	**7,205.2**	**7,263.7**	7,729.0	7,771.7
Non-recourse long-term debt[2,5]	**1,491.7**	**4,678.4**	1,508.4	4,337.2
Other long-term liabilities[2,4,5]	**274.2**	**598.6**	253.9	479.2
Future income taxes[1,2,3,4,5]	**1,100.7**	**1,679.9**	975.6	1,545.7
Non-controlling interests[5]	**656.7**	**2,475.2**	650.5	2,355.2
	14,722.7	**22,320.4**	14,632.2	21,033.0
Shareholders' Equity				
Share capital				
Preferred shares	**125.0**	**125.0**	125.0	125.0
Common shares	**3,128.3**	**3,128.3**	3,026.5	3,026.5
Contributed surplus	**33.9**	**–**	25.7	–
Retained earnings	**3,209.7**	**3,176.8**	2,537.3	2,504.4
Additional paid in capital	**–**	**77.8**	–	69.6
Accumulated other comprehensive loss[3,4]	**(266.9)**	**(315.1)**	(285.0)	(333.3)
Reciprocal shareholding	**(154.3)**	**(154.3)**	(154.3)	(154.3)
	6,075.7	**6,038.5**	5,275.2	5,237.9
	20,798.4	**28,358.9**	19,907.4	26,270.9

1 *Future Income Taxes*
Under U.S. GAAP, deferred income tax liabilities are recorded for rate-regulated operations, which follow the taxes payable method for ratemaking purposes. As these deferred income taxes are expected to be recoverable in future revenues, a corresponding regulatory asset is also recorded. These assets and liabilities are adjusted to reflect changes in enacted income tax rates. At June 30, 2008, a deferred tax liability of $581.7 million (December 31, 2007 – $572.7 million) is recorded for U.S. GAAP purposes and reflects the difference between the carrying value and the tax basis of property, plant and equipment. Regulated companies following the taxes payable method are not required to record this additional tax liability under Canadian GAAP. To recover the additional deferred income taxes recorded under U.S. GAAP through the ratemaking process, it would be necessary to record incremental revenue of $799.2 million (2007 – $785.6 million).

2 *Accounting for Joint Ventures*
U.S. GAAP requires the Company's investments in joint ventures to be accounted for using the equity method. However, under an accommodation of the U.S. Securities and Exchange Commission, accounting for jointly controlled investments need not be reconciled from Canadian to U.S. GAAP if

the joint venture is jointly controlled by all parties having an equity interest in the entity. Joint ventures in which all owners do not share joint control are reconciled to U.S. GAAP. The different accounting treatment affects only display and classification and not earnings or shareholders' equity.

3 *Accumulated Other Comprehensive Loss*

The only Canadian – U.S. GAAP difference in accumulated other comprehensive loss is the underfunded status of the pension and OPEB plans. The Company estimates that approximately $1.1 million related to pension and OPEB plans at June 30, 2008 will be reclassified into earnings during the next 12 months.

Financial instruments are now recognized in Canadian GAAP in substantially the same manner as U.S. GAAP. As a result of the 2007 change in Canadian accounting, certain comparative balances have been reclassified for U.S. GAAP purposes, including the recognition of regulated non-financial instruments and offsetting regulatory liabilities as well as OCI from equity investees. In addition, transaction costs arising from the issuance of debt are now recorded net against the related long-term debt. For U.S. GAAP, these transaction costs are reclassified to deferred amounts and other assets.

4 *Pension Funding Status*

FAS 158, Employers' Accounting for Defined Pension and Other Postretirement Plans*, requires an employer to recognize the overfunded or underfunded status of a defined benefit post retirement plan or OPEB as an asset or liability and to recognize changes in the funded status in the period in which they occur through comprehensive income. FAS 158 adjustments resulted in an increase in the net liability of $72.9 million (December 31, 2007 – $73.1 million) for the underfunded status of the plans, a decrease in deferred tax liability of $24.7 million (December 31, 2007 – $24.8 million) and an increase in accumulated other comprehensive loss of $48.2 million (December 31, 2007 – $48.3 million). As required by FAS 158, the Company will change the measurement date of its defined benefit pension plan from September 30 to December 31, effective this year.*

5 *Consolidation of a Limited Partnership*

As a result of adopting EITF 04-5, Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights*, the Company is consolidating its 14.6% interest in Enbridge Energy Partners for U.S. GAAP purposes, resulting in an increase to both assets and liabilities of $7,145.5 million (December 31, 2007 – $5,932.7 million) and no changes to equity and earnings.*

NEW ACCOUNTING STANDARDS

Fair Value Measurements

In September 2006, the FASB issued Statement No. 157, Fair Value Measurements. The Statement defines fair value, establishes a framework for measuring fair value in the context of GAAP and expands the disclosure surrounding fair value measurement. In January 2008, the FASB deferred the implementation of this standard indefinitely for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis, until January 1, 2009. For financial assets and liabilities, the Company has adopted this standard on January 1, 2008.

Fair Value Option for Assets and Liabilities

In February 2007, the FASB issued Statement No. 159, Fair Value Option for Financial Assets and Liabilities. This standard provides companies with an option to measure, at specified election dates, certain financial assets and liabilities at fair value. Changes in fair value are recognized in earnings. The Company has adopted this standard effective January 1, 2008, but has not elected to measure any financial assets or financial liabilities at fair value in accordance with the Statement.