ENBRIDGE INC
Form 6-K
February 15, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

Dated February 15, 2013

Commission file number 001-15254

ENBRIDGE INC.

(Exact name of Registrant as specified in its charter)

Canada	**None**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3000, 425 1st Street S.W.

Calgary, Alberta, Canada T2P 3L8

(Address of principal executive offices and postal code)

(403) 231-3900

(Registrants telephone number, including area code)

Indicate by check mark whether the Registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F	Form 40-F	P

Indicate by check mark if the Registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes	No	P

Indicate by check mark if the Registrant is submitting the Form 6-K in paper as permitted by regulation S-T Rule 101(b)(7):

Yes	No	P

Indicate by check mark whether the Registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No P

If Yes is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b):

N/A

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM S-8 (FILE NO. 333-145236, 333-127265, 333-13456, 333-97305 AND 333-6436), FORM F-3 (FILE NO. 333-185591 AND 33-77022) AND FORM F-10 (FILE NO. 333-181333) OF ENBRIDGE INC. AND TO BE PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

The following documents are being submitted herewith:

- Press Release dated February 15, 2013.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENBRIDGE INC.
(Registrant)

Date: February 15, 2013	By: /s/ Alison T. Love
	Alison T. Love
	Vice President & Corporate Secretary

NEWS RELEASE

Enbridge Reports 2012 Results

HIGHLIGHTS

(all financial figures are unaudited and in Canadian dollars unless otherwise noted)

- Fourth quarter earnings were $146 million; earnings for the full year were $610 million
- Fourth quarter adjusted earnings were $0.42 per common share, or $327 million
- Full year adjusted earnings were $1.62 per common share, an 11% increase over 2011
- Enbridge plans to invest $6.2 billion in the Light Oil Market Access Program, a collection of projects anticipated to expand access to markets for growing volumes of North Dakota and western Canada light oil
- Enbridge announced the expansion of its Canadian Mainline system between Edmonton and Hardisty, Alberta at an approximate cost of $1.8 billion
- Enbridge and Energy Transfer Partners, L.P. agreed to the principal terms for joint development of a project to provide access to the eastern Gulf Coast refinery market
- Enbridge plans a further expansion of its mainline system between Hardisty, Alberta and Superior, Wisconsin, at an estimated cost of $0.6 billion

- Enbridge secured a 50% interest in development of the 150-MW Massif du Sud Wind Project with an expected investment of $0.2 billion, bringing interests in renewable and alternative energy capacity to more than 1,300 MW

- Enbridge to develop US$0.1 billion Heidelberg Lateral Pipeline in deep water Gulf of Mexico

- Guidance for 2013 adjusted earnings is $1.74 to $1.90 per common share

- The quarterly dividend increased by 12% to $0.315 per common share effective March 1, 2013

- An impairment charge of $105 million, net of tax, related to certain Offshore assets was recorded in the fourth quarter

CALGARY, ALBERTA February 15, 2013 Enbridge Inc. (TSX:ENB) (NYSE:ENB) Enbridge finished 2012 with a solid fourth quarter and full year results that again achieved our guidance for the year, said Al Monaco, President and Chief Executive Officer. For the three months ended December 31, 2012 adjusted earnings totaled $327 million, or $0.42 per common share. This brings our full year 2012 adjusted earnings to $1,249 million, or $1.62 per common share, an 11% year-over-year increase. This increase is particularly noteworthy in light of the significant prefunding which we completed in the year for future growth projects.

Operations

Enbridge s strong performance in 2012 reflects a stable and diversified mix of operating businesses. Liquids Pipelines delivered record earnings, largely on the strength of a full year operating under the mainline Competitive Tolling Settlement (CTS), with both increased volumes and tolls. Liquids Pipelines also benefited from higher volumes on the Spearhead Pipeline and from the Seaway Crude Pipeline System (Seaway Pipeline) initial reversal phase which commenced mid-year. The Gas Distribution business delivered its usual steady contribution under the final year of Enbridge Gas Distribution s (EGD) five year incentive tolling regime, with incentive earnings more than offsetting the new regulations affecting Enbridge Gas New Brunswick (EGNB).

Forward-Looking Information

This news release contains forward-looking information. Significant related assumptions and risk factors are described under the Forward-Looking Information section of this news release.

Within Gas Pipelines, Processing and Energy Services, the United States portion of Alliance Pipeline and Vector Pipeline delivered steady results consistent with their regulatory and contractual business model. Enbridge Offshore Pipelines (Offshore) stabilized at a small loss. The Aux Sable natural gas processing plant benefited from favourable natural gas liquids (NGL) prices locked in during the prior year, while Energy Services had a good year as a result of the arbitrage opportunities provided by wide location and crude grade differentials, though not to the same extent as the prior year. Within Sponsored Investments, the contribution from Enbridge Income Fund (the Fund) increased significantly as a result of the drop down of $1.2 billion of renewable assets in late 2011, more than offsetting a decrease from Enbridge Energy Partners, L.P. (EEP). The performance of EEP s liquids pipelines assets benefited from higher volumes and tolls but its gathering and processing assets experienced lower natural gas and NGL prices.

2012 earnings reflected changes in unrealized mark-to-market accounting impacts related to the comprehensive long-term economic hedging program Enbridge has in place to mitigate exposures to interest rate variability and foreign exchange, as well as commodity prices. The Company believes that the hedging program supports the generation of reliable cash flows and dividend growth.

Enbridge s strong and stable growth enabled the Company to announce a 12% increase in its common share dividend in December 2012.

Mr. Monaco commented, The safety, reliability and environmental sustainability of our operations are our top priority. Our Operational Risk Management Plan is designed to position Enbridge as the industry leader on a number of important fronts. To that end, we continue to implement enhancements in key operational areas such as pipeline integrity, control centre operation, leak detection capability, environmental protection and response. Since 2011, we have conducted what we believe has been the most extensive integrity management program in the history of the North American pipeline industry. We also attach the greatest importance to the health and safety of our employees. During 2012, we had no serious injuries and in every business unit our safety record compares favourably to the industry.

Mr. Monaco cited Enbridge s Neutral Footprint plan as another example of how the Company is delivering on its commitment to its stakeholders. Our Neutral Footprint plan is designed to counteract the Company s environmental impact where it is felt most: on the trees we remove to build our facilities, the natural habitat we disturb, and the impacts associated with the electricity we buy to power our operations. At year-end 2012, Enbridge has planted close to 100% of the trees it has removed, conserved many times over the number of acres we have disturbed and has the capacity to generate renewable energy well in excess of our forecasted growth in power consumption from operations. We report our progress quarterly on our website.

Our commitment to sustainability resulted in Enbridge being recognized in January 2013 as one of the Global 100 Most Sustainable Corporations in the World for the fifth year in a row, said Mr. Monaco. We are honoured to be one of ten Canadian companies acknowledged to be leaders in their ability to deal with key social and environmental factors while delivering the best returns for their shareholders.

New Capital Initiatives

Earlier today, Enbridge announced an agreement with Energy Transfer Partners, L.P. (Energy Transfer) for joint development of the first pipeline transportation option for transportation of crude oil to the eastern Gulf Coast from the United States midwest. The project will involve the conversion of one of three pipelines of the existing Trunkline system, currently 100% owned by Energy Transfer, from natural gas transmission service to crude oil service, and is subject to approval by the Federal Energy Regulatory

Commission (FERC) of the removal of the one line from gas service.

The Gulf Coast is one of the largest refinery centres in the world, and the eastern Gulf market makes up more than a third of that capacity at over three million barrels per day, said Mr. Monaco. It is both a heavy and a light crude oil market where barrels receive premium pricing. Up until now, this market has not been directly accessible to western Canadian and Bakken crude producers. As the project takes advantage of existing pipe in the ground, we can get it flowing to market sooner, and at a lower cost, than a new build.

In Liquids Pipelines, growth initiatives will continue to be driven by producers needs for greater capacity and access to new markets and refiners needs for secure, reliable and cost-competitive supply. Over the fourth quarter of 2012 and into January 2013, Enbridge announced investments in more than $9 billion of new commercially secured expansion projects as well as progress in advancing previously announced projects across the Company s three broad market access initiatives: Eastern Access, Gulf Coast Access and Light Oil Market Access.

Anticipating the infrastructure needs of energy producers and consumers and developing strategies to meet those needs is central to our business, said Mr. Monaco. Western Canadian and United States north western crude oil production is facing significant market access constraints. As a result, price discounting of this oil production relative to global pricing continues to be a major industry concern.

Enbridge s market access strategies are responses to rapidly changing North American supply and demand fundamentals and will create significant value for our customers by helping to close these differentials and enhancing refinery access to supply.

Mr. Monaco noted that the design, construction and operation of its expansion projects will be guided by Enbridge s commitment to industry leadership in safe, reliable and environmentally sustainable operational performance. We re committed to ensuring we build and operate our facilities safely, reliably and with respect for local communities and the environment. Importantly, our market access strategies utilize existing energy corridors and pipelines to the greatest extent possible so we will minimize disruption to the environment and lessen the industry s footprint.

Also announced in the fourth quarter was the Heidelberg Lateral Pipeline (Heidelberg), a crude oil pipeline in the Gulf of Mexico to connect the proposed Heidelberg development, operated by Anadarko Petroleum Corporation (Anadarko), to an existing third-party pipeline system. Enbridge will build, own and operate the pipeline which is expected to be operational by 2016 at an approximate cost of US$0.1 billion. Construction of the pipeline is subject to finalization of definitive agreements and sanction of the development by Anadarko and its project co-owners.

In gas transportation, Enbridge continued to execute its Canadian midstream strategy through a midstream services relationship with Encana Corporation (Encana) to develop gas gathering and compression facilities in the Peace River Arch (PRA) region in northwestern Alberta. Enbridge has agreed to acquire from Encana certain sour gas gathering and compression facilities in the PRA region currently in service and under construction on terms consistent with the Company s investment in the Cabin Gas Plant (Cabin). Enbridge is also working exclusively with Encana on facility scoping for further development of additional major midstream facilities in this region. This announcement followed the deferral of both the commissioning of Phase 1 and the construction of Phase 2 of Cabin in October 2012.

This new opportunity establishes a broader footprint for Enbridge in the liquids rich and prolific Montney play complementing our existing interest in the Alliance Pipeline and Aux Sable NGL plant, said Mr. Monaco. We are pleased to be extending our midstream interests and look forward to working with producers and all stakeholders in this region.

In green energy, Enbridge added to its renewable energy asset base with the securement of a 50% interest in the development of the 150-MW Massif du Sud Wind Project (Massif du Sud) in Quebec. The project went into service in January 2013.

Enbridge continues to look for opportunities to expand our portfolio of renewable infrastructure in Canada and the United States, said Mr. Monaco. Enbridge today is Canada s largest player in generating solar power and second largest in wind power. We see renewable energy playing an important role in our longer-term strategy of developing a more diversified asset base as we move towards a future energy economy with lower reliance on hydrocarbons.

In December, Enbridge completed the transfer of a group of crude oil storage, wind and solar power assets at a price of $1.2 billion to the Fund. The Company also issued $400 million in preference shares.

The drop down of assets to the Fund provided $0.8 billion of net funding for our large growth capital investment program, including further front end bolstering of our equity base, said Mr. Monaco. This funding complements the conventional capital markets funding that, for the year as a whole, totals approximately $6 billion and helps ensure ample liquidity to execute on our capital program.

Looking ahead Mr. Monaco concluded, Our positive results in 2012 reflect both our focus on operations and the disciplined execution of our growth strategy. Based on the number of opportunities we were able to secure over the course of the year, and the opportunities ahead of us, we have confidence that we will be able to maintain our industry leading growth through 2016 and well into the latter half of the decade, concluded Mr. Monaco.

FOURTH QUARTER 2012 OVERVIEW

For more information on Enbridge s growth projects, please see the Management s Discussion and Analysis (MD&A) which is filed on SEDAR and EDGAR and also available on the Company s website at www.enbridge.com/InvestorRelations.aspx.

- On February 15, 2013, Enbridge announced it entered into an agreement with Energy Transfer on the terms for joint development of a project to provide access to the eastern Gulf Coast refinery market from the Patoka, Illinois hub. Subject to FERC approval, the project will involve the conversion from natural gas service of certain segments of pipeline that are currently in operation as part of the natural gas system of Trunkline Gas Company, LLC, a wholly owned subsidiary of Energy Transfer and Energy Transfer Equity, L.P. The converted pipeline is expected to have a capacity of up to 420,000 to 660,000 barrels per day (bpd), depending on crude slate and the level of subscriptions received in an open season, and is expected to be in service by early 2015. Enbridge and Energy Transfer would each own a 50% interest in the venture. Enbridge s participation in the venture is subject to a minimum level of commitments being obtained in the open season and on completion of due diligence on the conversion cost. Depending on the level of commitments and finalization of scope and capital cost estimates, Enbridge expects to invest approximately US$1.2 billion to US$1.7 billion.

- On January 4, 2013, Enbridge announced a further expansion of the Canadian Mainline system between Hardisty, Alberta and the Canada/United States border near Gretna, Manitoba, at an estimated cost of $0.4 billion, along with an announcement to further expand the Lakehead System owned by EEP between Neche, North Dakota and Superior, Wisconsin, at an estimated cost of US$0.2 billion. Subject to regulatory approval, the expansion involves the addition of pumping horsepower sufficient to raise the capacity of both the Canadian Mainline and the Lakehead System by another 230,000 bpd. This expansion is expected to be in service in 2015. The announcement was in addition to the Company s May 2012 announcement of a project to raise capacity on the same sections of the Canadian Mainline and the Lakehead System by 120,000 bpd at an approximate cost of $0.2 billion and US$0.2 billion, respectively, with an expected in-service of mid-2014.

- On December 20, 2012, Enbridge secured a 50% interest in the development of the 150-MW Massif du Sud wind project development, located 100 kilometres (60 miles) east of Quebec City, Quebec. Project construction was completed in December 2012 and commercial operation commenced in January 2013. Massif du Sud delivers energy to Hydro-Quebec under a 20-year power purchase agreement. The Company s total investment in the project is approximately $0.2 billion.

- On December 6, 2012, Enbridge announced the $6.2 billion Light Oil Program to expand access to markets for growing light oil production from North Dakota and Canada. The Light Oil Program is a series of projects that will supplement the Company s previously announced Eastern Access initiative and provide increased pipeline capacity on Enbridge s North Dakota regional system; further expand capacity on the United States mainline system; and enhance Canadian mainline terminal capability. The Light Oil Program will provide access from the Enbridge system to attractive refinery markets in Ontario, Quebec and the United States midwest for an additional 400,000 bpd of light oil. The projects within the Light Oil Program are targeted to be available for service between 2014 to early 2016.

- In December 2012, the Company recorded an impairment charge of $166 million ($105 million after-tax) related to certain of its Offshore assets, predominantly located within the Stingray and Garden Banks corridors in the Gulf of Mexico. The Company had been pursuing alternative uses for these assets; however, due to changing competitive conditions in the fourth quarter of 2012, the Company concluded that such alternatives were no longer likely to proceed. In addition, unique to these assets is their significant reliance on natural gas production from shallow water areas of the Gulf of Mexico which have been challenged by macro-economic factors including prevalence of onshore shale gas production, hurricane disruptions, additional regulation and the low natural gas commodity price environment.

- On November 26, 2012, Enbridge announced it had entered into a joint venture to develop a unit-train unloading facility and related local pipeline infrastructure near Philadelphia, Pennsylvania to deliver Bakken and other light sweet crude oil to Philadelphia area refineries. The Eddystone terminal will include leasing portions of a power generation facility and reconfiguring existing track to accommodate 120-car unit-trains, installing crude oil offloading equipment, refurbishing an existing 200,000 barrel tank and upgrading an existing barge loading facility. Subject to regulatory and other approvals, the project is expected to be placed into service by the end of 2013 to receive and deliver an initial capacity of 80,000 bpd, expandable to 160,000 bpd. The total estimated cost of the project is approximately US$68 million and Enbridge s share of the project costs will be based upon its 75% joint venture interest.

- On November 22, 2012, the Company announced plans to proceed with an expansion of the Canadian Mainline system between Edmonton, Alberta and Hardisty, Alberta. The expansion project, with an estimated cost of approximately $1.8 billion, will include 181 kilometres (112 miles) of new 36-inch diameter pipeline, expected to generally follow the same route as Enbridge s existing Line 4 pipeline, new terminal facilities at Edmonton which include five new 500,000 barrel tanks and connections into existing infrastructure at Hardisty Terminal. The initial capacity of the new line is expected to be approximately 570,000 bpd, with expansion potential to 800,000 bpd. Subject to regulatory approvals, the project is expected to be placed into service in 2015.

- On November 6, 2012, Enbridge announced it would build, own and operate a crude oil pipeline in the Gulf of Mexico to connect the proposed Heidelberg development, operated by Anadarko, to an existing third-party system. Heidelberg, which will be 20 inches in diameter and approximately 55 kilometres (34 miles) in length, will originate in Green Canyon Block 860, approximately 320 kilometres (200 miles) southwest of New Orleans, Louisiana and in an estimated 1,600 metres (5,300 feet) of water. Subject to regulatory and other approvals, as well as sanctioning of the development by Anadarko and its project co-owners, Heidelberg is expected to be operational by 2016, at an approximate cost of $0.1 billion.

- On October 25, 2012, Enbridge Income Fund Holdings Inc. (ENF) and the Fund announced they had entered into an agreement with Enbridge pursuant to which Enbridge would transfer five entities, which comprise crude oil storage in Alberta and renewable energy assets in Ontario, to the Fund. On December 10, 2012, ENF and the Fund finalized the acquisition of Hardisty Storage Caverns, Hardisty Contract Terminals, Greenwich Wind Energy Project (Greenwich) and Amherstburg and Tilbury solar projects for an aggregated price of approximately $1.2 billion.

- On October 22, 2012, the Company agreed, and subsequently in November 2012 completed, the acquisition from Encana of certain sour gas gathering and compression facilities. These facilities, which are either currently in service or under construction, are located in the PRA region of northwest Alberta. The project will be completed in phases with new gathering lines expected to be in service in late 2013, and with the new NGL handling facilities expected to be completed in the first quarter of 2014. Enbridge s investment in the PRA Gas Development is expected to be approximately $0.3 billion. Enbridge is also working exclusively with Encana on facility scoping for development of additional major midstream facilities in the liquids-rich PRA region. This announcement followed the deferral of both the commissioning of Phase 1 and the construction of Phase 2 of Cabin in October 2012.

CONSOLIDATED EARNINGS

	Three months ended December 31,		Year ended December 31,	
	2012	2011	**2012**	2011
(unaudited; millions of Canadian dollars, except per share amounts)				
Liquids Pipelines	**136**	203	**726**	505
Gas Distribution	**127**	(226)	**207**	(88)
Gas Pipelines, Processing and Energy Services	**(52)**	156	**(478)**	305
Sponsored Investments	**71**	89	**282**	269
Corporate	**(136)**	(63)	**(127)**	(171)
Earnings attributable to common shareholders	**146**	159	**610**	820
Earnings per common share	**0.19**	0.21	**0.79**	1.09
Diluted earnings per common share	**0.18**	0.21	**0.78**	1.08

Earnings attributable to common shareholders were $610 million, or $0.79 per common share, for the year ended December 31, 2012 compared with $820 million, or $1.09 per common share, for the year ended December 31, 2011. In total, the Company has delivered significant earnings growth from operations over the course of the last year, as discussed below in *Adjusted Earnings*; however, the positive impact of this growth was reduced by a number of unusual, non-recurring or non-operating factors, the most significant of which are changes in unrealized derivative fair value and foreign exchange gains or losses. The Company has a comprehensive long-term economic hedging program to mitigate exposures to interest rate, foreign exchange and commodity price exposures. The unrealized mark-to-market accounting impacts from this program create volatility in short-term earnings but the Company believes over the long-term it supports reliable cash flows and dividend growth.

Earnings for 2012 and 2011 were also negatively impacted by the impact of asset transfers between entities under common control of Enbridge. Intercompany gains realized as a result of these asset transfers for both years have been eliminated for accounting purposes; however, income taxes of $56 million and $98 million for the years ended December 31, 2012 and 2011, respectively, incurred on the related capital gains remain as charges to consolidated earnings.

Another significant item impacting the comparability of earnings year-over-year were costs and lost revenues, net of the related insurance recoveries, associated with the Lines 6A, 6B and Line 14 crude oil releases. Earnings for the years ended December 31, 2012 and 2011 included the Company s after-tax share of EEP s costs and lost revenues, before insurance recoveries and excluding fines and penalties, of $9 million and $33 million, respectively, related to these incidents. Insurance recoveries recorded for the years ended December 31, 2012 and 2011 were $24 million and $50 million after-tax net to Enbridge, respectively, related to the Line 6B crude oil release.

Earnings attributable to common shareholders for the three months ended December 31, 2012 were $146 million compared with $159 million for the three months ended December 31, 2011. Fourth quarter earnings drivers are largely consistent with year-to-date trends and continued to include changes in unrealized fair value derivative gains and losses. Aside from operating factors discussed in *Adjusted Earnings*, factors unique to the fourth quarter of 2012 included a $105 million after-tax asset impairment relating to Stingray and Garden Banks assets within Offshore, $56 million of income taxes on the intercompany gain on sale to the Fund not eliminated for accounting purposes and the favourable impact of a $63 million gain arising on recognition of a regulatory asset related to other postretirement benefits (OPEB) within EGD.

Earnings for the comparable fourth quarter of 2011 reflected the discontinuance of rate-regulated accounting at EGNB, which resulted in a write-off of certain regulatory balances totaling $262 million, after tax.

NON-GAAP MEASURES

This news release contains references to adjusted earnings/(loss), which represent earnings or loss attributable to common shareholders adjusted for unusual, non-recurring or non-operating factors on both a consolidated and segmented basis. These factors, referred to as adjusting items, are reconciled and discussed in the financial results sections for the affected business segments. Management believes the presentation of adjusted earnings/(loss) provides useful information to investors and shareholders as it provides increased transparency and predictive value. Management uses adjusted earnings/(loss) to set targets, assess performance of the Company and set the Company s dividend payout target. Adjusted earnings/(loss) and adjusted earnings/(loss) for each of the segments are not measures that have a standardized meaning prescribed by accounting principles generally accepted in the United States of America (U.S. GAAP) and are not considered GAAP measures; therefore, these measures may not be comparable with similar measures presented by other issuers. See *Non-GAAP Reconciliations* for a reconciliation of the GAAP and non-GAAP measures.

ADJUSTED EARNINGS

	Three months ended December 31,		Year ended December 31,	
	2012	2011	**2012**	2011
(unaudited; millions of Canadian dollars, except per share amounts)				
Liquids Pipelines	**183**	126	**684**	536
Gas Distribution	**63**	48	**176**	173
Gas Pipelines, Processing and Energy Services	**37**	41	**154**	163
Sponsored Investments	**67**	74	**263**	244
Corporate	**(23)**	(16)	**(28)**	(16)
Adjusted earnings[1]	**327**	273	**1,249**	1,100
Adjusted earnings per common share[1]	**0.42**	0.36	**1.62**	1.46

1 Adjusted earnings and adjusted earnings per common share are non-GAAP measures that do not have any standardized meaning prescribed by generally accepted accounting principles. For more information on non-GAAP measures see above.

Adjusted earnings for the year ended December 31, 2012 were $1,249 million, or $1.62 per common share, compared with $1,100 million, or $1.46 per common share, for the year ended December 31, 2011, an increase of 11% in adjusted earnings per common share. The increase in adjusted earnings over the prior year was predominantly attributable to strong operating performance from the Company s Liquids Pipelines assets, as well as contributions from new assets placed into service. An increase in volumes most notably impacted adjusted earnings from mid-2011 onward when the CTS on the Canadian Mainline took effect. In 2012, the Company also began realizing earnings from its 50% interest in the Seaway Pipeline, which commenced southbound service from the United States midwest to the Gulf Coast in May 2012. The start-up of Seaway Pipeline also had a positive earnings impact on Spearhead Pipeline in 2012 as it also benefited from producers desire to move crude onward to Gulf Coast markets in order to capture attractive price differentials. In addition to the Seaway Pipeline, other new assets commencing operations and contributing to adjusted earnings growth included the Cedar Point Wind Energy Project (Cedar Point) in late 2011 and the Silver State North Solar Project (Silver State) in 2012. Areas of the Company s operations which realized year-over-year declines in adjusted earnings included EEP due to declines in natural gas and NGL prices, as well as higher operating and administrative costs, specifically pipeline integrity costs, personnel costs and higher property taxes, and Energy Services where changing market conditions gave rise to fewer margin opportunities in crude oil and NGL marketing. Increased preference share dividends for the year ended December 31, 2012 also negatively impacted earnings due to the Company s increased activity in the capital markets to prefund future growth projects.

Adjusted earnings were $327 million, or $0.42 per common share, for the three months ended December 31, 2012 compared with $273 million, or $0.36 per common share, for the three months ended December 31, 2011. The primary drivers of adjusted earnings growth period-over-period included strong volumes on the Company s liquids pipelines assets both in Canada and the United States, including contributions from new assets such as the Seaway Pipeline, growth in the Company s renewable energy portfolio and customer expansion at EGD. Partially offsetting these increases were lower adjusted earnings from Energy Services, where margin opportunities in liquids marketing remained tempered relative to the prior period and increased costs within Offshore.

LIQUIDS PIPELINES

	Three months ended December 31,		Year ended December 31,	
	2012	2011	**2012**	2011
(unaudited; millions of Canadian dollars)				
Canadian Mainline	**117**	72	**432**	336
Regional Oil Sands System	**29**	30	**110**	111
Southern Lights Pipeline	**18**	21	**71**	75
Seaway Pipeline	**11**	(3)	**24**	(3)
Spearhead Pipeline	**7**	3	**37**	17
Feeder Pipelines and Other	**1**	3	**10**	-
Adjusted earnings	**183**	126	**684**	536
Canadian Mainline - Line 9 tolling adjustment	**-**	-	**6**	10
Canadian Mainline - changes in unrealized derivative fair value gains/(loss)	**(41)**	86	**42**	(48)
Canadian Mainline - shipper dispute settlement	**-**	-	**-**	14
Regional Oil Sands System - prior period adjustment	**(6)**	-	**(6)**	-
Regional Oil Sands System - asset impairment write-off	**-**	(8)	**-**	(8)
Spearhead Pipeline - changes in unrealized derivative fair value gains	**-**	-	**-**	1
Feeder Pipelines and Other - changes in the unrealized derivative fair value loss	**-**	(1)	**-**	-
Earnings attributable to common shareholders	**136**	203	**726**	505

- Canadian Mainline earnings for the year ended December 31, 2012 reflected increased volumes and a higher Canadian Mainline International Joint Tariff (IJT) Residual Benchmark Toll which, under the IJT, is impacted by changes in the Lakehead System Local Toll. An increase in operating and administrative costs, primarily due to higher employee related costs and higher leak remediation costs also impacted 2012 full year adjusted earnings.

- The 2012 full year and fourth quarter Regional Oil Sands System adjusted earnings reflected higher operating and administrative expense and higher depreciation expense, partially offset by higher shipped volumes and increased tolls on certain laterals and higher earnings from an annual escalation in storage and terminaling fees, than the prior year. Adjusted earnings for 2012 also included contributions from new regional infrastructure, the Woodland and Wood Buffalo pipelines, placed into service in the fourth quarter, although offset by earnings no longer being generated on assets sold to the Fund in December.

- Southern Lights Pipeline adjusted earnings reflected higher income tax expense which exceeded the deemed tax recovery in rates.

- Seaway Pipeline adjusted earnings for both the full year and fourth quarter of 2012 reflected preliminary service at an approximate capacity of 150,000 bpd which commenced in May 2012. Subsequent to year end, in January 2013, with further pump station additions and modifications, the reversal was completed, increasing capacity available to shippers to up to 400,000 bpd, depending on crude oil slate. Actual throughput experienced to date in 2013 has been curtailed due to constraints on third party takeaway facilities. A lateral from the Seaway Jones Creek tankage to the ECHO crude oil terminal in Houston, Texas should eliminate these constraints when it comes into service, expected in the fourth quarter of 2013. In the interim, the Seaway Pipeline is attempting to reduce these downstream constraints with other actions. The $3 million loss recognized for the year ended December 31, 2011 was related to early stage business development costs that were not eligible for capitalization.

- The 2012 full year and fourth quarter increase in Spearhead Pipeline adjusted earnings reflected higher volumes and tolls, partially offset by higher operating and administrative costs, including power and repairs and maintenance. Volumes significantly increased over 2011 due to higher commodity price differentials and increased demand at Cushing, Oklahoma in anticipation of additional capacity on the Seaway Pipeline for further transportation to the Gulf Coast.

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- The increase in Feeder Pipelines and Other earnings for 2012 compared with 2011 reflected a higher contribution from Olympic Pipeline due to a tariff increase, higher volumes on Toledo Pipeline and increased terminaling fees. In 2011, earnings from Toledo Pipeline were negatively impacted by integrity work on Lines 6A and 6B of EEP s Lakehead System. The decrease in adjusted earnings for the fourth quarter of 2012 reflected higher business development costs.

Liquids Pipelines earnings were impacted by the following adjusting items:

- Canadian Mainline earnings for 2012 and 2011 included Line 9 tolling adjustments related to services provided in prior periods.

- Canadian Mainline earnings for all periods reflected changes in unrealized fair value gains and losses on derivative financial instruments used to risk manage exposures inherent within the CTS, namely foreign exchange, power cost variability and allowance oil commodity prices.

- Canadian Mainline earnings for 2011 included $14 million from the settlement of a shipper dispute related to oil measurement adjustments in prior years.

- Regional Oil Sands System earnings for 2012 included a revenue recognition adjustment related to prior periods.

- Regional Oil Sands System earnings for 2011 included the write-off of development expenditures on certain project assets.

- Spearhead Pipeline earnings for 2011 included changes in unrealized fair value gains on derivative financial instruments used to manage exposures to allowance oil commodity prices.

- Feeder Pipelines and Other earnings for 2011 included changes in the unrealized fair value loss on derivative financial instruments used to manage exposures to allowance oil commodity prices.

GAS DISTRIBUTION

	Three months ended December 31,		Year ended December 31,	
	2012	2011	**2012**	2011
(unaudited; millions of Canadian dollars)				
Enbridge Gas Distribution Inc. (EGD)	**56**	38	**149**	135
Other Gas Distribution and Storage	**7**	10	**27**	38
Adjusted earnings	**63**	48	**176**	173
EGD - (warmer)/colder than normal weather	**1**	(12)	**(23)**	1
EGD - tax rate changes	**-**	-	**(9)**	-
EGD - recognition of regulatory asset	**63**	-	**63**	-
Other Gas Distribution and Storage - regulatory deferral write-off	**-**	(262)	**-**	(262)
Earnings/(loss) attributable to common shareholders	**127**	(226)	**207**	(88)

- The increase in EGD s adjusted earnings was primarily due to customer growth, favourable rate variances and higher pipeline capacity optimization. This growth was partially offset by an increase in system integrity and safety-related costs and higher employee costs, as well as higher depreciation due to a higher in-service asset base.

- Other Gas Distribution and Storage adjusted earnings decreased for both the full year and fourth quarter of 2012 primarily due to the change in rate setting methodology applicable to EGNB enacted in 2012. Effective January 1, 2012, the discontinuance of rate-regulated accounting at EGNB resulted in earnings subject to increased variability, including quarterly seasonality, as there was no further accumulation of the regulatory deferral account. Earnings for 2012 were impacted by lower volume due to a decrease in demand for natural gas, which was the result of a warmer than normal winter.

Gas Distribution earnings were impacted by the following adjusting items:

- EGD earnings were adjusted to reflect the impact of weather.

- Earnings from EGD for 2012 reflected the impact of unfavourable tax rate changes on deferred income tax liabilities.

- EGD earnings for 2012 included the recognition of a regulatory asset related to recovery of OPEB costs pursuant to an Ontario Energy Board rate order.

- Other Gas Distribution and Storage earnings for 2011 reflected the discontinuation of rate-regulated accounting for EGNB and the related write-off of a deferred regulatory asset and certain capitalized operating costs, net of tax.

GAS PIPELINES, PROCESSING AND ENERGY SERVICES

	Three months ended December 31,		Year ended December 31,	
	2012	2011	**2012**	2011
(unaudited; millions of Canadian dollars)				
Aux Sable	**21**	19	**68**	55
Energy Services	**9**	13	**40**	56
Alliance Pipeline US	**6**	7	**24**	26
Vector Pipeline	**4**	5	**16**	18
Enbridge Offshore Pipelines (Offshore)	**(3)**	(2)	**(3)**	(7)
Other	**-**	(1)	**9**	15
Adjusted earnings	**37**	41	**154**	163
Aux Sable - changes in unrealized derivative fair value gains/(loss)	**(5)**	(4)	**10**	(7)
Energy Services - changes in unrealized derivative fair value gains/(loss)	**21**	95	**(537)**	125
Offshore - asset impairment loss	**(105)**	-	**(105)**	-
Other - changes in unrealized derivative fair value gains	**-**	24	**-**	24
Earnings/(loss) attributable to common shareholders	**(52)**	156	**(478)**	305

- Aux Sable adjusted earnings increased, in both the full year and the fourth quarter of 2012, primarily due to higher realized fractionation margins. A full year of earnings contributions from the Prairie Rose Pipeline and the Palermo Conditioning Plant acquired in July 2011 also contributed to increased adjusted earnings for the full year.

- The decrease in Energy Services adjusted earnings was primarily due to changing market conditions which gave rise to fewer margin opportunities in crude oil and NGL marketing.

- Offshore realized a second year of consecutive losses due to weak volumes from delayed drilling programs and more scheduled production outages by producers in the Gulf of Mexico. The decrease in loss year-over-year resulted from a higher transportation rate for volumes shipped on the Stingray Pipeline System, a reduction in interest expense and a $2 million favourable impact related to the reversal of a shipper reserve pertaining to a rate case from 2011. The increase in adjusted loss for the fourth quarter of 2012 reflected increased pipeline integrity and insurance costs.

- The decrease in Other adjusted earnings was primarily due to the sale of Ontario Wind, Sarnia Solar and Talbot Wind energy projects to the Fund in October 2011, followed by the sale of Greenwich and Amherstburg and Tilbury solar projects to the Fund in December 2012. Higher business development costs also contributed to the decrease in adjusted earnings. Partially offsetting this increase was the contributions from Cedar Point and Greenwich, which were commissioned in late 2011, and the new Silver State project which was commissioned in early 2012.

Gas Pipelines, Processing and Energy Services earnings were impacted by the following adjusting items:

- Aux Sable earnings for each period reflected changes in the fair value of unrealized derivative financial instruments related to the Company s forward gas processing risk management position.

• Energy Services earnings for each period reflected changes in unrealized fair value gains and losses related to the revaluation of financial derivatives used to manage the profitability of transportation and storage transactions. A gain or loss on such a financial derivative corresponds to a similar but opposite loss or gain on the value of the underlying physical transaction which is expected to be realized in the future when the physical transaction settles. Unlike the change in the value of the financial derivative, the loss or gain on the value of the underlying physical transaction is not recorded for financial statement purposes until the periods in which it is realized.

• Offshore earnings for 2012 were impacted by an asset impairment loss related to certain of its assets, predominantly located within the Stingray and Garden Banks corridors.

• Other earnings for 2011 reflected changes in the fair value of unrealized derivative financial instruments.

SPONSORED INVESTMENTS

	Three months ended December 31,		Year ended December 31,	
	2012	2011	**2012**	2011
(unaudited; millions of Canadian dollars)				
Enbridge Energy Partners, L.P. (EEP)	**32**	45	**141**	151
Enbridge Energy, Limited Partnership (EELP) - Alberta Clipper US	**6**	10	**38**	42
Enbridge Income Fund (the Fund)	**29**	19	**84**	51
Adjusted earnings	**67**	74	**263**	244
EEP - leak insurance recoveries	**-**	29	**24**	50
EEP - leak remediation costs and lost revenue	**-**	(6)	**(9)**	(33)
EEP - changes in unrealized derivative fair value gains/(loss)	**(3)**	(5)	**(2)**	3
EEP - NGL trucking and marketing investigation costs	**-**	(3)	**(1)**	(3)
EEP - prior period adjustment	**7**	-	**7**	-
EEP - shipper dispute settlement	**-**	-	**-**	8
EEP - lawsuit settlement	**-**	-	**-**	1
EEP - impact of unusual weather conditions	**-**	-	**-**	(1)
Earnings attributable to common shareholders	**71**	89	**282**	269

• Adjusted earnings from EEP for 2012 included higher general partner incentive income and strong results from the liquids business primarily due to higher average delivery volumes and increased tolls on all major liquids systems, as well as contributions from storage terminal and other facilities that were placed into service during 2012. Earnings from the natural gas business decreased as a result of lower natural gas and NGL prices. Earnings were also negatively impacted by an increase in operating and administrative costs, specifically pipeline integrity costs, personnel costs and higher property taxes.

• Earnings from EELP - Alberta Clipper US decreased due to a reduction in rates which took effect April 1, 2012.

• Increased earnings from the Fund reflected a full year of earnings from the Ontario Wind, Sarnia Solar and Talbot Wind energy projects acquired from a wholly-owned subsidiary of Enbridge in October 2011. Earnings also reflected the December 2012 transfer of Hardisty Storage Caverns, Hardisty Contract Terminals, Greenwich and Amherstburg and Tilbury solar projects. Partially offsetting the earnings contributions were increased interest costs, higher business development expense and non-cash deferred income taxes.

Sponsored Investments earnings were impacted by the following adjusting items:

- Earnings from EEP included insurance recoveries associated with the Line 6B crude oil release.

- Earnings from EEP for each period included a charge related to estimated costs, before insurance recoveries, associated with the Lines 6A, 6B and Line 14 crude oil releases.

- Earnings from EEP included changes in the unrealized fair value on derivative financial instruments in each period.

- EEP earnings reflected charges for legal and accounting costs associated with an investigation at a NGL trucking and marketing subsidiary, which was concluded in the first quarter of 2012.

- EEP earnings for 2012 reflected a non-recurring out-of-period adjustment.

- EEP earnings for 2011 included proceeds from the settlement of a shipper dispute related to oil measurement adjustments in prior years.

- EEP earnings for 2011 included proceeds related to the settlement of a lawsuit during the first quarter of 2011.

- EEP earnings for 2011 included an unfavourable effect related to decreased volumes due to uncharacteristically cold weather in February 2011 that disrupted normal operations of its natural gas systems.

CORPORATE

	Three months ended December 31,		Year ended December 31,	
	2012	2011	**2012**	2011
(unaudited; millions of Canadian dollars)				
Noverco Inc. (Noverco)	**8**	10	**27**	24
Other Corporate	**(31)**	(26)	**(55)**	(40)
Adjusted loss	**(23)**	(16)	**(28)**	(16)
Noverco - equity earnings adjustment	**-**	-	**(12)**	-
Noverco - changes in unrealized derivative fair value gains/(loss)	**1**	-	**(10)**	-
Other Corporate - changes in unrealized derivative fair value gains/(loss)	**(54)**	45	**(22)**	(87)
Other Corporate - foreign tax recovery	**-**	-	**29**	-
Other Corporate - unrealized foreign exchange gains/ (loss) on translation of intercompany balances, net	**-**	1	**(17)**	24
Other Corporate - impact of tax rate changes	**(4)**	5	**(11)**	6
Other Corporate - tax on intercompany gain on sale	**(56)**	(98)	**(56)**	(98)
Loss attributable to common shareholders	**(136)**	(63)	**(127)**	(171)

- Noverco adjusted earnings reflected contributions from the Company s increased preferred share investment and Noverco s underlying gas distribution investments. The decrease in adjusted earnings in the fourth quarter of 2012 reflected warmer than normal weather which impacted Noverco s underlying gas distribution operations.

- Although net Corporate segment financing costs decreased in 2012 compared with 2011, this decrease was more than offset by increased preference share dividends and higher personnel costs.

Corporate costs were impacted by the following adjusting items:

- Earnings from Noverco for 2012 included an unfavourable equity earnings adjustment related to prior periods.

- Earnings from Noverco for 2012 included changes in the unrealized fair value of derivative financial instruments.

- Loss for each period included changes in the unrealized fair value gains and losses on derivative financial instruments related to forward foreign exchange risk management positions.

- Loss for 2012 was impacted by taxes related to a historical foreign investment.

- Loss included net unrealized foreign exchange gains and losses on the translation of foreign-denominated intercompany balances.

- Loss for each period reflected tax rate changes.

- Loss for each period was impacted by tax on an intercompany gain on sale.

NON-GAAP RECONCILIATIONS

	Three months ended December 31,		Year ended December 31,	
	2012	2011	**2012**	2011
(unaudited; millions of Canadian dollars)				
Earnings attributable to common shareholders	**146**	159	**610**	820
Adjusting items:				
Liquids Pipelines				
Canadian Mainline - Line 9 tolling adjustment	**-**	-	**(6)**	(10)
Canadian Mainline - changes in unrealized derivative fair value (gains)/loss	**41**	(86)	**(42)**	48
Canadian Mainline - shipper dispute settlement	**-**	-	**-**	(14)
Regional Oil Sands System - prior period adjustment	**6**	-	**6**	-
Regional Oil Sands System - asset impairment write-off	**-**	8	**-**	8
Spearhead Pipeline - changes in unrealized derivative fair value gains	**-**	-	**-**	(1)
Feeder Pipelines and Other - changes in the unrealized derivative fair value loss	**-**	1	**-**	-
Gas Distribution				
EGD - warmer/(colder) than normal weather	**(1)**	12	**23**	(1)
EGD - tax rate changes	**-**	-	**9**	-
EGD - recognition of regulatory asset	**(63)**	-	**(63)**	-
Other Gas Distribution and Storage - regulatory deferral write-off	**-**	262	**-**	262
Gas Pipelines, Processing and Energy Services				
Aux Sable - changes in unrealized derivative fair value (gains)/loss	**5**	4	**(10)**	7
Energy Services - changes in unrealized derivative fair value (gains)/loss	**(21)**	(95)	**537**	(125)
Offshore - asset impairment loss	**105**	-	**105**	-
Other - changes in unrealized derivative fair value gains	**-**	(24)	**-**	(24)
Sponsored Investments				
EEP - leak insurance recoveries	**-**	(29)	**(24)**	(50)
EEP - leak remediation costs and lost revenue	**-**	6	**9**	33
EEP - changes in unrealized derivative fair value (gains)/loss	**3**	5	**2**	(3)
EEP - NGL trucking and marketing investigation costs	**-**	3	**1**	3
EEP - prior period adjustment	**(7)**	-	**(7)**	-
EEP - shipper dispute settlement	**-**	-	**-**	(8)
EEP - lawsuit settlement	**-**	-	**-**	(1)
EEP - impact of unusual weather conditions	**-**	-	**-**	1
Corporate				