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Enbridge Energy Partners, L.P.
EEP Day 2010 Investment Community
March 2, 2010

Participants

Stephen J.J. Letwin – Enbridge Energy Partners, L.P. – Managing Director
Stephen J. Wuori – Enbridge Inc. – Executive Vice President Liquids Pipelines
Terrance L. McGill – Enbridge Energy Partners, L.P. – President
Mark Maki – Enbridge Energy Partners, L.P. – VP, Finance
Douglas Montgomery – Enbridge Energy Partners, L.P. – Director, IR

Presentation

D. Montgomery – Enbridge Energy Partners, L.P. – Director IR
Thank you very much for taking the time to join us today for EEP Day 2010. This is the agenda we're going to be following today. We're going to start with a strategic overview followed by a discussion of our natural gas business. We will then have a 15 minute break at 10:15 a.m. ET, and will come back for a discussion of our Liquids Pipelines business followed by Finance.

Finally, a few closing remarks before lunch which will be served at 12:00. All presentations will be followed by Q&A. Both presentations and Q&A are being Webcast, and a copy of the slides has been posted on our Website, at www.enbridgpartners.com. I would appreciate it if you want to ask a question, please raise your hand and we will bring a microphone over to you.

Management will be making forward-looking statements throughout the day, so this slide 3 does apply to all the presentations, and with that, I would like to turn it over to Mr. Steve Letwin, our Managing Director. Steve?

S. Letwin - Enbridge Energy Partners, L.P. – Managing Director
Good morning, everybody, and welcome. It's good to be back in New York, and yes, I was at the hockey game. And I said to Yves I had a jersey on as a half U.S. and a half Canada because I'm a hybrid and Terry doesn't believe I'll ever go back to Canada. If I do, it'll be by myself.

It was a great Olympics, and of course as you know, the US did extremely well and Canada did as well, so it was great to see the fans and get back here to see everybody for our first EEP Day. So with me today, you're going to see Terry and Mark and Steve Wuori. We also have Vern Yu sitting over here. Vern is our Vice President of Investor Relations & Enterprise Risk at Enbridge, Inc.

We have John Loiacono. John's toward the back. John is our Vice President of Commercial Activities at the Partnership; Jonathan Rose, our Treasurer; and Steve Neyland, who is our Controller.

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So I'm going to talk about the strategic side of the business and certainly welcome any questions once we get into it. Hopefully leave you some key messages about our investment thesis, strategy and competitive position.

Certainly one of the things we hope to leave you in terms of key messages or objectives is to ensure that we at least put enough evidence on the table to show that we have a very stable and sustainable distribution. As you know, our cash distribution is $3.96 per unit per year. We went for a long time without increasing our distribution, in fact it was about four years and then over the last couple of years we've increased that significantly.

We also want to get agreement that we are well-positioned for growth. With that combination we're hoping in a strong market that we're seeing right now, particular for crude oil, liquids, and the gas-gathering and processing area – gives us some optimism about our ability to grow our distribution over the next number of years and that is combined of course with the strong position that we already have in our liquids pipelines operation as Steve Wuori will talk to.

We are a cautious company. We're very careful about how much guidance we do give with respect to volumes and certainly our earnings, EBIT and EBITDA, but I think you'll also agree that we've never disappointed, that we've always met our guidance and in fact have been exceeding it. And we expect to be able to give you information and guidance that has certainty around it. That's our trademark.

So we are in a position right now, ladies and gentlemen, to grow the distribution. We have a very strong balance sheet. Mark Maki is going to speak about that. We are going to be looking for opportunities, both organically and by acquisition that is accretive to our unit holders and strategically fit the Partnership, and it's in line with our low-risk business model.

But let's go back and generally take a couple of minutes to talk about where we were about a year or so ago. When the world looked like it was coming to an end for all of us in October 2008, we had just finished Southern Access Ph. I, completed a major expansion of our liquids pipelines, Terry McGill was seeing some excellent opportunities and pursuing those in the gas side and the world fell apart. We were sitting there looking at a $1.2 billion capital expenditure program relative to Alberta Clipper in a market where our units had fallen from $50 to $22.30.

The ability to go and raise debt was sitting around 10% and we were continuing to buy pipe and put this pipe in the ground with respect to Clipper. So we needed to do something about that because issuing equity at below $30 levels would have basically diluted the economic value of Clipper significantly and made it uneconomical.

So we did a deal where we kept a third of Clipper in the Partnership and moved two-thirds of it to Enbridge Inc. Our prices started to strengthen; we got legs, our negative credit rating outlook was removed. Of course, we're looking at unit price today at $52.

With that balance sheet and with that opportunity to move ahead, it's there where we think looking over the next year we will be able to grow that distribution and follow the model that we think has been our trademark where we do have an attractive yield. In fact, at the end of February, we were at 7.73% where our peer average yield was around 6.82%. We're almost 100 basis points higher than the average peer yield.

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An investment in the S&P 500 yielded 2.33% - that was at the end of January. And as I mentioned earlier, we had an EEP closing price of $51.22 and EEQ at $49.99. The Alerian MLP index yield is 7.25%.

Are we somewhat frustrated our yield is about 100 basis points higher than the peer average? Of course we are. When we talk to people I think one of the biggest knocks on our Partnership has been the growth of the distribution, and particularly as we look to the future whether we're going to be able to growth it in line with your expectations and get the yield to come more in line with the industry average. And to help us do that, we do again have a strong general partner in the form of Enbridge Inc. as you know and we do have the balance sheet, our credit rating, BBB Stable, and our cash position is giving us the opportunity to pursue these growth opportunities.

So we're very comfortable with the business mix we're in or that we have. We have a good exposure to both the Liquids Pipelines, EBITDA as you know, which is very protected both volume and price where we have no price exposure. And on the natural gas side of the business, we're certainly very comfortable with the deals that we have in place commercially.

And for those areas where we do have commodity exposure as you know, our strategy has been to hedge quite aggressively, and you can see the position of our hedging on the right side of the graph where we basically have locked in, for example, 80% of 2010 and we're sitting at about 50% at 2011 and so on.

So we're feeling very comfortable about where we sit with respect to exposure and again, think that going back to the value proposition which has driven a lot of our growth, value and low risk, we'll be able to continue to do that.

Steve Wuori's going to speak to this a little bit more comprehensively, but our position with respect to liquids remains very strong. We are the largest transporter of Canadian crude to the US. In 2009, we shipped close to 1.7 million barrels per day on our Lakehead System. A large portion of the volume was delivered to this country and while the remainder was delivered to eastern Canada.

So we have a very good position with respect to Lakehead. We expect that to remain strong. It's significant; it gives us a very competitive advantage. We've been in this business for over 60 years and we're going to continue to lever off of it.

From the gas side, we're seeing some excellent opportunities, some of which you have already seen announced. Terry's going to speak a lot more to this, but what we're seeing of late is the fact that our major systems located here in the Anadarko, the Granite Wash, the Barnett Shale, and East Texas, Haynesville – while we've seen some volume erosion, and I think you've seen that from our year-over-year volume numbers, we're seeing some leveling off of the rig activity in fact a little bit of growth.

We're also seeing something very unique – at least we thought somewhat unique relative to the environment – but because of the refinery utilization being very low because of the lean gas production we've seen here in the Haynesville, and because of the strong petrochemical demand, we're seeing some very strong NGL prices - propane sitting at $1.25 to $1.50, ethane prices sitting closer to the $0.70 level than the $0.30 level which was just last year.

So we're seeing some very strong liquids prices, and as a result of that, we're seeing some good activity up here in the Anadarko and because of our positioning in North and East Texas, hope to be able to take advantage of that moving forward.

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So Terry will talk a lot more to that, but from a strategic standpoint, we're hoping to be able to lever off of that.

So back to strategy, we basically want to maximize the utilization of our existing infrastructure and take advantage of the fact that we do have some very strong assets in some very attractive geographical areas.

First and foremost, we want to make sure that we maximize the use of all of our systems – that's our first job. And again, you'll hear more from Steve and from Terry. But we do see some excellent opportunities, both in liquids and in gas.

Secondly, we want to continue to work with our customers to create solutions that create value for them and growth opportunities for us. I know a lot of you have heard or at least read about some of the challenges we're having on the liquid system and Steve Wuori will speak to that.

But I will tell you this – while we believe our position is very strong and that we will endure this tougher time that our shippers are seeing in terms of volumes, customers never leave front and center with us, and we're not going to see anything negative with respect to our own stakeholders as we go through these negotiations.

We don't intend to compromise our economic position, but we obviously are very concerned and we want to make sure that our customers at the end of the day are getting the best value they can out of all of our systems. And we'll work to make sure that we do that.

I made this comment before, and I'll just say it again that the periscope is up, that we are looking for some expansion. By the end of this year we will have grown the EBITDA by 25% annual compound growth in the past five years. At the same time, we significantly reduced our risk profile by undertaking projects within a cost-of-service model where we are protected from volume fluctuations.

While may not be as large as our recent expansion program, we do see significant opportunities to grow the Partnership on both our liquids business and our natural gas business and the East Texas Natural Gas Gathering System which Terry will talk to you as a good example of that.

So I'm feeling very bullish. I'm feeling very optimistic about what is out there and what we might be able to do. We're not in the game of making huge acquisitions. We think about $200 to $300 million type of step-outs, whether they're organic, or they're acquisition-related. That would mean that we would have to issue equity, obviously to finance some of that. We've held steadfast with our ability not to issue equity in what we would call unattractive environments.

If we do see a creed of acquisitions, if we do see a creed of organic opportunities, we will come to the market to finance those, but only when we see them. And as I said earlier, I think we are going to see some opportunities.

We're looking at growth, what does it mean in terms of our distribution? Our current target is to increase the distribution by 2 and 5% compounded growth in the next four years. That's what we're looking to be able to do and we are working very diligently to align up the pipeline of opportunities both in the liquids and the gas side.

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And while the liquid side – I know on the crude oil side, there's a lot of talk about the fact that we are overbuilt. I know that Steve Wuori is in the same camp that we are with respect to looking at opportunities to acquire assets that lever off our current template of infrastructure.

So in terms of key takeaways, we have a very strong liquids and natural gas business to support the distribution. I think a lot of you know when I moved to Houston four years ago, we as a family have put a million dollars of our own money into this Partnership and when things got down to the $25 level and everybody thought the world was ending, we increased our position and I would tell you today that I'm as comfortable, I feel as good about the Partnership as I did four years ago in terms of the sustainability. We moved it up significantly from the distribution level it was at four years ago.

I feel very comfortable about it today; I feel very strong about the ability of Mr. Wuori and Mr. McGill here to grow both the liquids and the gas business. They both have been in the business a long time. I don't think there is anybody that Terry doesn't know on the gas side, and Steve Wuori has been with the company just over 30 years now. So two fellows driving these business units that know it well and I've got every confidence we're going to be able to meet our objectives of growing that distribution.

So on that note, I'm happy to take any questions.

Audience
Thank you for taking the question. On slide 5 where you show your percentages that are hedged, can you talk about the prices there?

S. Letwin - Enbridge Energy Partners, L.P. – Managing Director
Well, I'm going to defer to Mark Maki when he's up here. He can speak or maybe do you want to talk to those now? Why don't you give Mark the microphone?

M. Maki – Enbridge Energy Partners, L.P. – VP, Finance
We have a very detailed slide that's part of our Investor package which goes commodity type – our ethane, propane, and natural gas long and the short – we detailed all that out in our Investor package and show the prices that were hedged at – currently posted on our website.

Audience
Okay. And in terms of growth opportunities, where you'd be issuing equity – typically, would Enbridge want to pre-issue the units or issue the debt, the asset then issue the equity.

S. Letwin - Enbridge Energy Partners, L.P. – Managing Director
We certainly will look at doing that if the opportunity arises. But I guess the bottom line I guess you'd have to be pretty convinced then and comfortable with the fact that we're going to be able to execute and yes, we probably would look to build up the war chest a little bit and be able to accomplish our objective. I think that makes good sense.

Audience
Can you give us a little more detail about your hedging program? What exactly do you hedge and what's the objective of your hedging?

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S. Letwin - Enbridge Energy Partners, L.P. – Managing Director
Well, we have, as Mark indicated, we have a very regimented hedging program and it is laid out in a lot of details on our Website. But I guess philosophically what we try to do is make sure that when we set our guidance up, when we look at our budget, we've been able to, basically had to hedge our distribution level. Now that may not happen every year, but our major objective is to protect the distribution and make sure that I can stand up here with the comfort level that I have today and tell you that it's very sustainable.

We then use our capital to lever off of our current assets and build a distribution. So while we don't have a lot of commodity exposure, we make sure that whatever commodity exposure we have isn't going to get us in trouble if the price of oil falls to $30 again and our revenue decrease. I don't think that's going to happen, I didn't talk really about that, but we're feeling very positive about Frac Spread.

We think all prices are going to stay fairly high relative to gas prices. We think these liquids prices that we're seeing and in the environment are going to remain around for a couple of years at least and so we may be a bit conservative in terms of what we're seeing for our EBITDA.

So you can see that laid out on our webpage, and Mark can talk a lot more to it, but it's very, very detailed.

Audience
Hi, it's Michael Weis from Madison Williams. I've got a question if you could comment and provide a little color on the acquisitions that you mentioned. In particular, are you looking more on the natural gas side or on the crude oil side, and also ..., we've got a fairly competitive environment – what are you looking for in terms of cash flow returns and how high will you pay for an acquisition?

S. Letwin - Enbridge Energy Partners, L.P. – Managing Director
Well, we're seeing – and to use a "Terryism" – we didn't see things bad enough long enough to probably get the kind of prices that we were looking at six months ago. And in terms of multiples, anything around that seven to eight times EBITDA multiple, especially if we can lever off of our current template of assets is attractive. And we are looking both on the crude oil and natural gas side.

There are a number of majors and you'd know them as well as I do that are interested in divesting of assets – some of those assets are in our backyard – we're going to look hard at those.

Where we have an advantage is where we have a current template of assets. The first mover advantage in this business – especially in the gas business in Texas and Louisiana is significant. So I know Terry is looking very hard at where he can lever the Southeast Texas – Haynesville is an area where we've seen some good success and he'll talk about that.

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But we're really not at this point unless again it makes sense for our current slate of assets – we're not trying to hit home runs on acquisitions. We seize pockets of the $150 to $300 million type of acquisitions that are accretive that we can get into the portfolio. That tends to be where we're looking.

Audience
Just following up on that reply, can we make the assumption that it's unlikely to see you acquire in a new area that you're not currently operating in?

S. Letwin - Enbridge Energy Partners, L.P. – Managing Director
We'd probably be more on the joint venture side than on the acquisition side in a new area, but I wouldn't rule out acquisitions. But certainly I think we would tend to look more in joint venture opportunities in brand new areas than we would just buy something that we don't have a lot of familiarity with.

Audience
And just to follow up on that, too – if you would pursue that opportunity, what would be the industrial rationale to JV in an area where you're not currently operating? Would it be just financial or do you think it'd be a position from which you could grow upon?

S. Letwin - Enbridge Energy Partners, L.P. – Managing Director
Probably both where we'd find somebody who doesn't have the infrastructure expertise that we have especially around gas processing, commercial processing – so what we'd look to do is hook up with somebody that financially may need the money. Our lower cost-to-capital potentially, and then lever off of the people that we have and the experience that we have. So some of the newer places on the Shale side are liquid rich and there isn't a lot of infrastructure in and around ... Shale. We have a very strong team to be able to make that happen. I think people who look to us would look to that expertise as well as our ability now with the balance sheet where it is to finance that.

Audience
One quick question. are you looking at any dropdowns?

S. Letwin - Enbridge Energy Partners, L.P. – Managing Director
We're not looking at any dropdowns right now. They're all outside of Enbridge Inc. So we're not looking at any of those right now.

S. Letwin - Enbridge Energy Partners, L.P. – Managing Director
We're very cautious about increasing our distribution on the back of Frac Spread for all the reasons you all understand. So we're very conservative and you know that from the way we've behaved over the years and we'll continue to be very conservative.

But I would like to see more of the fixed fee backstop to our distribution increase as opposed to commodities even though we're hedged well out and you'll look at the hedging that we have put in place is very attractive and I feel very good about where

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we are today. I'm reluctant and would not, actually, increase distribution from the back of Frac Spread.

Audience

Not trying to beat a dead horse, but on the acquisition question again, there are so many competitors out there trying to buy both in the industry and in private equity firms trying to make such investments, trying to buy an existing asset at so-many times EBITDA for quality assets and that's a challenge.

I guess what I'm wondering about is what you would do, what you wouldn't do and is this potential acquisition because it was. on the wire this morning that you were quoted in that interview as if you've got something that you're working on in the gas side of two-thirds of this billion dollars you're thinking about would be on the gas side.

Is this an investment potentially, or would you – I'll say at this way – would you make an investment that requires time to build and to fill and therefore has volume risk and time risk as opposed to the existing seven to eight times EBITDA multiple?

S. Letwin - Enbridge Energy Partners, L.P. – Managing Director

Yes, I think to the extent – and it's an excellent question and I understand the puzzled look to how you do that when you read in the paper about other companies who have tried and not been able to do acquisitions. We were asked this question yesterday and my response is number one, we're not out there looking at billion or billion and a half dollar acquisitions.

I mean, if that opportunity, a billion dollar acquisition, came in front of us and it was attractive and we could lever off it, obviously we're going to look at it. But to your point, yes, we would look very hard at taking both time and volume risk in and around our assets because that's what we're most familiar with. So whether it's in the Anadarko or North Texas, East Texas – we would look hard at potentially doing that to get to the value creation that you're thinking of.

So it's a good question. That's exactly what we'd look at doing. A lot of our acquisitions, as you know, that we made over the last four years we took that risk and it's paid off. So we've been fortunate.

Audience

On the M&A again, are the IDR splits inhibiting your ability to be competitive and cost-to-capital? Is that something you guys are thinking about? I know other partnerships that have taken steps to address that.

S. Letwin - Enbridge Energy Partners, L.P. – Managing Director

Well, when we talk to Enbridge Inc. about any interest in changing that, it's a no. And in fact, if Pat was sitting here, he'd be nodding his head, "that's right, Steve." Obviously, cost-to-capital is an issue and the splits are an issue for the partnership, but other people have the same challenges and are able to do the same thing and if Pat was here, that's what he'd say to me. Other people can do it you can do it, go do it. So that's what we're going to do.

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Once again, thank you very much. I can't tell you – oh, another question, sorry.

Audience
Just on the commodity side. When you're doing planning for hedging and looking at acquisitions and so forth, you obviously have in mind a certain price for crude and so forth. Would you care to comment in terms of just what you look at for 2010 – what you think personally or professionally what is an average price that you sort of factor into your targeting?

S. Letwin - Enbridge Energy Partners, L.P. – Managing Director
Well, personally, I made a bet with Mark Maki last night our most conservative CFO that crude oil within a year will hit $100. He took that bet because he's nervous all the time anyhow, but it's one of those things where – I look at it this way, and I study it obsessively. I'll give you my personal view.

I think we're going to see gas in that $6 to $6.50 range for some time to come. We have a lot of Shale that's coming our way. We have LNG sitting out there that comes into the ship channel. Anytime gas gets to $6 or $6.50, you see 12 to 14 cargos with LNG lineup. We have Shale coming out of Canada in the North, we're down in terms of volume significantly, but there's a lot of potential in Canada.

I don't think you have to see Alaska or McKenzie come in the foreseeable future. I think we're going to be well-supplied with gas whether its' domestically or externally. All that's saying that I think the disconnect we've seen between oil and gas is more permanent than not as it relates to BTU equivalent. So instead of seeing six to seven times our ratio, we'll probably see more in the 10 to 14 times.

What does that mean for us? Well, it means excellent opportunities both in the liquids area because I do believe that Canadian oil sands is going to come on a lot stronger than people think, and I think a lot of the capacity issues that we're talking about are going to go away.

I also think our ability to generate EBITDA from our processing opportunities in Texas is immense. And I think you can extend that potential beyond Texas because the guy who's going to talk next has got 30 years of experience to be able to do that.

So I am feeling very positive.

Audience
Thank you.

S. Letwin - Enbridge Energy Partners, L.P. – Managing Director
Okay, well listen, thank you very much, I'm sorry about your silver medal, but four more years you have another shot at it. So Terry, you want to come on up here?

T. McGill - Enbridge Energy Partners, L.P. - President
He's right, he is obsessive. The worst thing we did in the Houston office was put a TV in his office with MSNBC on it, and all he does is, you can hear him going, "Oh, God. Oh,no." And then trots over to my office and says, "Have you seen thus and so." And

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the next thing we'll do is take that out of there ... your blood pressure's a little high. It's higher than mine I might want to point out.

So let's talk about the natural gas part of the business. Fundamentals, current assets, zoom in a little more in the detail of our strategy and the growth opportunities that we see.
So we believe we are well-positioned for growth opportunities – organic or acquisitions as Steve has talked about. We have a very strong market position in Texas. We sold the non-core assets in November, I believe, of last year. A couple of interstates, the things in Mississippi and Louisiana, then a couple things in Alabama. So we've kind of cleaned that up and really see our focus in Texas and as we move into the Haynesville and potentially even Marcellus.

There's good stability of our cash flows with the way we hedge and the fee based contracts that we do have with, as you mentioned, are very strong. And then there are a lot of questions on hedging and I can give some answers, but Mark's going into the great detail. We have a very disciplined hedging program.

Shale's the key. I think what was interesting about this graph, which we took from McKenzie; we just picked the five so far major Shale plays. What I think is interesting about this is you look at year 2000, ten years ago, and where we've gone in the 10 years from negligible Shale production to 8 bcf/d has been tremendous amount of effort and a lot of that is in the last half of that decade when it was just furious pace of drilling.

Things have slowed down. What's changing now I think to a degree is how many rigs do you have that are capable of horizontal drilling? I think that's probably one of the limiting factors we have now and Mr. Loiacono was quoted saying all of them that can handle the horizontal drilling are being deployed and waiting for – they're actually building rigs now. So maybe there's a little bit of a depression in the rig count, or at least not the quickest growth as they're trying to give you more specialized rigs to come on line. Certainly in the Marcellus, it's very difficult. The same with Horn River, different geography, it's very difficult drilling.

In Pennsylvania, West Virginia – all of you have probably been through there, the mountains aren't very big, but there's nothing flat. So for the technology to come in, set a pad, bring a flex rig in, and try to drill several wells from a single location – that was really developed in the Barnett. In the closed and urban area it's going to be very important. But it takes a while to get the infrastructure and get the resources and background put together to do this.

So we're looking at again – now Shale gas is great, it's marvelous – it does have one little problem with it. It declines very quickly. A single well declines up to 90% the first year. So you have to really keep going at this. It's not drill a few, wait a couple of years – you've got to really stay after this, almost a swim-to-eat kind of mentality, but most MLPs have, by the way.

But we see by 2025, probably 35 to 40% of you US production is coming from Shales and as was pointed out, unconventional would be a higher percentage.

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Unconventional brings in your coal bed methane's, your tight sand, things like this. So this is really just focused on the shale plays.

What has happened is the shale showed up – and they always use the example of Barnett sitting there under the city of Ft. Worth. For years and years, Ft. Worth buys its gas over in Waha, stores it at Bethel, brings it into Dallas/Ft. Worth area when they need it, and that's kind of in the way it is going. And you discover the Barnett Shale and again, over those 10 years all of the sudden the Dallas/Ft. Worth area has got more gas than they can handle, sitting literally underneath the city.

That was going fine for a while. I think the distribution companies, everybody like that. and then infrastructure was built and ... kind of expressed Gulf crossing, our Double D clarity, Energy Transfer 42" – all of the sudden this gas has other places to go, it's not captive to the Dallas/Ft. Worth market anymore.

And we're starting to see a shift in the fundamental – a shift in the price that the utilities will pay, but all this to say is when these shales pop up, it changes the flow of gas. It changes the paradigm – the norm that everyone has expected. And here comes the pipelines to solve the problem, sometimes create a new problem, but certainly to solve the first problem.

And you see the flows where this gas is and you see what a game changes Haynesville was. As Barnett was to Dallas, Haynesville moved a little bit closer to market, Marcellus moved much closer to the market. Each one of these is a game changer and who can get in there and exploit that opportunity.

What you see growing in the middle of the country – you see the Gulf Coast, the Shale declining. You see – I guess we have – San Juan Basin, Canada, the drilling in Western Canada has really suffered over the last two years being so very far away from the market.

The basis between points – which I think has been interesting, has been very flat. So you're drilling up in Horn River, you're probably looking for some other way to get off the continent other than coming down all the way to Chicago and getting a price that's flat to the Henry Hub.

It's just very difficult. TransCanada suffers – of course coming across all the way to Canada – but all of these have just changed the flow and every shale play that comes in spurs some growth, maybe 100 to 300 mile pipelines.

Probably don't need the long hauls all the way across the country anymore, but every one of them starts to change the mix. Solves a problem, creates a problem, solves a problem, creates a problem, which is pretty much how we – in our industry – how we seem to be going about it.

We like where we are sitting in the three basins in Texas. It is kind of the epicenter of where this growth is coming – sort of a technology is being developed that is exported to the Bakken, to the Marcellus and other areas.

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You've seen versions of this chart. Where are the most economically advantageous areas to drill? Everybody's got the kind of their own version based on what their inputs and what they're measure to, but what you generally see are these areas - Bossier, Granite Wash, Barnett, some of those – are always on the left side. On the right – Piceance, Alberta, some of those – you can argue with the order a little bit, but they're generally always on the right side.

And we use this to depict where the prices are, where the economic advantage is for those producers, and where we happen to have assets. And it's been very fortuitous of us to have them where they are and – now we see a little bit of decline in the Barnett. Barnett's an interesting situation, all held by production. There's plenty of transport capacity. Everybody's figured out the science - nobody drills a dry hole.

I think there's a little bit as the same cast of characters exploiting the other areas – the EOGs, XTOs, – the same guys – and they just traipse over to Haynesville because they need to develop the infrastructure, perfect the science, protect the leases – they will come back to the Barnett, but the Barnett is probably one of the slowest areas we have certainly in our portfolio, maybe in the South.

Frac spreads – Steve mentioned it. Oil's probably $80; gas is $5, $5.50. Yes, good spread right now. And we see that holding on, as Steve said, for the next couple years, certainly. It's helped the Haynesville, it's dry gas. That much gas with that much liquids would have certainly changed the whole outlook on the NGL and where we see the Frac spreads going. But we think the Frac spreads are going to be strong and remain strong in the relative near future, the next few years, at least.

And it's a big deal for us. We do hedge – we hedge individual components, but you're always going to have a portion of it that's not hedged. Due to operational reasons, you're never 100% hedged and that area has some benefits and cash flow upsides for us.

So we'll look at the natural gas assets. Probably going back Anadarko – tremendous growth, continuing to drill. They're – the force oil I think has done a press release about every three or four days talking about their production up in there. It's very liquids rich and you put all of that in together – we were there. For the longest time Mid-continent gas. Things were really going to depress the prices in Anadarko, and it did for a while, but because of the liquids market being so strong, these wells are very, very economic and they brought in the horizontal technology to this area. They have very positive results and we've seen the growth coming in to the Anadarko area.

In the Barnett, I talked about the Barnett. Maybe we'll go into this a little bit later also. We take our East Texas and kind of cut it in half. The Southern area which is predominantly a Bossier –targeted area, and then this one – James Line, Travis Peak – kind of, but also has the Haynesville. I'll go into the South Haynesville project in this area that's been a very positive we announced a couple weeks ago.

Let's go into East Texas for a second. The recount has started to recover again. It's probably somewhat limited by the number of rigs available to handle horizontal drilling. It's not your typical mom and pop kind of rig. We have an extensive set of processing, but also treating H2S CO2 plants in this area. We believe that gives us a very competitive advantage. Haynesville's not rich gas; however, it does have CO2.

The Bossier so hand me those plants where we have them have been I think a real competitive advantage for us. And I've told folks if you don't already own an H2S treating plant, you probably don't want to start. It takes a particular level of expertise and experience to run those and we're glad we have ours, but it has given us a great boost.

We have a lot of optionality. We built in the middle of this, of course, the Double D pipeline and then the big project – the last biggest one – was the Clarity project moving gas down to Florida Gas and the Southeastern markets in the Beaumont area.

Without those two pipes we were just going to be flat. We needed more outlets and the access to those markets has really been beneficial and the producer has optionality. That's all it boils down to and there's more – have a greater tendency to go into pipeline systems that give them those market options than there are those that are just captive. So when you're looking down in here – again, Florida Gas, some markets down here over in Koontz, we go to the trunk line – at Goodrich we get to Mid-continent , NGPL and Gulf South.

Double D takes it to Carthage where there are manytakeaway capacity options for those. producers. So East Texas has been a very good story for us and tremendous growth. You know when we rolled these assets into the Partnership, East Texas was probably a 350 million a day flow and it's over 1.5 Bcf a day now. So it's been tremendous investment for us.

Anadarko,there's the quiet one. It sits up there, it's not very big. Again, several years ago it was doing 150 million a day, now it's almost 600 million a day. It is kind of small and it's not the end of the world, but you can see if from there.

We stayed at our Hide Town Plant and you could see the horizon in all four directions. And the wall of this area is actually very small relatively speaking to the extent of area that it's in. But it's been this little quiet one that just chugs along, gets good results, and now it's got a little mini boom going on with again the Devons, Chesapeakes, the normal cast of characters. But it's generating so much NGL and heavy ... C5+ very, very profitable and with the drilling techniques and completion techniques that originally showed up in the Granite Wash, the wells are very, very productive so we see a lot of activity there. It's probably the first area we see the rig count coming back with any kind of energy out of our three areas.

So again, a good success story there and we are really bullish on the Anadarko area. I talked about – and Steve mentioned this – the step out. You'd like to have your assets, but where have we taken the risk? This is an area that we took the risk. We didn't have any assets in this area. We stepped out, bought the Cantara assets – I guess it's seven years ago now – and then the Devon assets that were right next to it. And that became the base of our North Texas asset.

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We put in plants at Weatherford, upgraded the plants at Springtown, moved gas around to get it into more efficient plants, and this has been a very positive investment for us. But it is an area we stepped out and really the first mover. You go back to that Barnett Shale chart and you look at where the shale production was when we bought these in 2003, and it was a riskier bet to that, but it was – we believed in the formation.

I think the key is when you believe in the formation more than you believe in any producer who happens to be drilling in it, because producers will come and go, but that formation has got good economics, somebody else is going to drill it.

So again, another success story, though it's slower right now, the science has been perfected, people have gone off to Haynesville, and they have come back to the Barnett.

Still when I talk about leveraging our current assets – is it the easiest money, the best money to make is putting more commodity into something you already own. And we talk about optimization and focusing our assets – it shouldn't be taken lightly. It's very important for us to do that, it's extremely profitable. That's where you're going to get your best returns, your best multiples whether it's liquids or gas.

I think the East Texas or the South Haynesville expansion is a good example of that. We look at this area and everybody was kind of focused on Louisiana Haynesville. Haynesville was always identified in Louisiana, but as usual, the formations don't seem to know ... the difference, and there was some activity already in this area, and all this acreage – most of this acreage is already held by production because they drilled through the Haynesville to get to the other formation and the trick was they didn't know how to complete the Haynesville.

With the Barnett, you can take that technology and you go try it in the Bakken, you go try it in the Marcellus, you go try it in Haynesville, and behold with some tweaks, this drilling technique does work.

In this area, Devon announced a 30 million a day well in North San Augustine County. And the rush was on, you know how producers are, everybody's in. We have done multiple expansions in this area. It's kind of on the weaker side of our system. We didn't have the biggest pipe in the world because of the decline rate. So we've done multiple expansions in this area up in Granite Oaks, compression, and we've gotten to the point we can't handle what we believe the growth is going to be.

So all these laterals going down to hit particular producers' points where it will be truckloads of gas coming in and the South Haynesville itself is really about 30-something miles of 24" line to bring this directly up to Carthage.

It's mostly fee-based, demand-based. Our advantage was where we have access or we have assets, we had access into the various... markets. It's the best way to lever up on this stuff and be able to get ahead of the competition. Not so in Louisiana – we don't have things in Louisiana, but I'll use my poker analogy – you're going to have to probably pay a heftier ante to get into that game.

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But in this one, we've already paid the ante when they bought the assets and it's really given us a leg up to do project like this, a very MLP-friendly project that's on the gas side.

Our potential employee-of-the year back there is working on trying to come up with more of these. Steve's been quoted, "he'll take five more of these."

Haynesville, everybody's been to Shreveport, been to the Haynesville, we've talked about all this, it's very real. Now, has the sweet spot been defined? No, not exactly. There's a lot of science, there's not a lot of data points yet, but everything's very positive and everybody's betting a lot of money on this area. But a lot of work still to be done, but good results so far.

We see tremendous growth this continues on up for a while, but that's bearing the long haul pipeline announcements coming out of Louisiana, some from Carthage, to move this gas to market. There's not a lot of pipeline capacity going in that direction. And again, as I mentioned earlier, every shale play gives you the opportunity for more pipeline investment.

They're not sitting where they used to, and almost all Shale plays except for one or two guys at first spot, the Shale plays are sitting where pipelines are. So we have to go back and build. But on some of these, you don't have to build far, you're probably a couple hundred miles from Carthage over to Perryville and you hit a whole new set of pipes that have moved to the Northeast.

Going to the Marcellus. What's Marcellus going to do? This is really, really new. If you can get past your lovely regulators in New York, what's changed – think about this – there's been drilling in New York, Pennsylvania, West Virginia for a hundred years. That part's not new. The infrastructure, though, is not ready for these sizes of wells. And it's sort of the wells that have tremendous NGL production associated with it.

These gathering systems in West Virginia and Pennsylvania had handled the older style wells that have greatly depleted for about 30 NGLs a month kind of thing. But these wells come on line, you take one of those old two-inch gathering systems somewhere, and you're putting a five or seven million a day well in that, it'll just – if it doesn't take the system out of the ground, it will certainly shut down all the other wells.

So the infrastructure is needed and the industry is almost starting from scratch in the Marcellus, even though it's got a hundred-year history of production in the area. What are we doing with the chemicals in the fracturing process? How do we get the NGLs out? There's no one who puts in two-inch well connects anymore, probably the lowest is four, but most likely we're in the six to eight inch range.

The wells are just too big. But it's also such a big area, it's going to take not only several producers to exploit it, it's going to take a bunch of MLP and infrastructure to get in there and put this together.

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Steve had mentioned a couple of the opportunities that Mr. Wuori has on acquisitions because the producers are selling some of their - we believe - oil assets. We see the same thing on the gas side. Producer will get the land leased up, drill the wells, put in a little bit of a gathering system so they can test the wells, and they get to a point – and every producer gets there and says, “I don’t want to be in that”

I’ve tested my science, I know what my wells are doing, I want a professional to come in and do the midstream business because most producers recognize they’ll make a lot more money drilling the next good well than they ever will building the next gathering system.

So I think you’re going to see a little rush of producers selling their gathering systems but not walking away. There’s the difference. They still have the wells in the end. They need a partner. They need somebody that grows with them. They’re not walking away from the formation, they just don’t want to put pipe in the ground, and they want someone else to do that.

So again, I think there’ll be a little rush of activity there. Does that give us an opportunity into the Marcellus? That’s one area. That’s one kind of – it’s not a pure JV, excuse me but you are growing with that producer and maybe you, your pipe, you pick up third party volume, drive down unit cost, and off you go and you start building out everything that’s needed. But the existing systems, especially the gathering side of it cannot handle these kinds of wells. So there’s going to be a lot of opportunities for investment and a lot of our work to be done.

We do believe one of the keys of the Marcellus I was figuring out what are you going to do with the NGLs. It’s not rich area everywhere. Again, that’s being delineated as with more drilling. But the NGL infrastructure is not that strong in the Marcellus. And most of the NGL markets are going to be west. You’ve got to get to Chicago, Conway, and Bellevue, where the much bigger facilities can handle it. So you’ve got the gas going east, but you want your NGLs going west. And again, that leaves for a lot of opportunities for growth and investment.

North Dakota, Steve’s going to touch on North Dakota. There are some gas opportunities in the North Dakota area. This is probably 13-14 GPM gas. North Dakota has to figure out whether they want the producer to do ... this stuff, or they want to capture it into the gas market. I think the opportunity is can we take that richer gas off the eastern Montana/North Dakota, and get it to the Alliance pipeline which is an .Enbridge.Inc. – owned facility moving down to Chicago. So again, great adjunct to our assets and really helping out the general partner also.

So, here are the things you’re going to walk away with at break and write down in your notes. We believe we are well-positioned to capture the growth opportunities. Financially, with the skill sets we have here in the room and certainly back in Houston, we love our market position in Texas. Having the three areas, that diversification has paid off handsomely. One of them is not doing as well invariably, the other two are. And I think it works that way in gas, I think it works that way in the partnership when you combine the liquids and gas side.

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That's why we do it. They talk about the riskiness in the gas and I don't know what all to tell you. We got a tremendous amount of fee-based business where we have commodity risks and we hedge it to the fullest extent we can – again, not looking for the home-runs, we just don't want to be the village idiot. Just trying to keep that band of volatility as narrow as we can because our number one goal is how we protect the distribution.

People aren't buying us because we're taking bets on natural gas. They're buying us because of stability and distribution with potential to grow. That's where our value proposition fits in.

So with that, we went through that relatively quick, but I knew you all had plenty of questions. You couldn't wait.

Audience
...

T. McGill - Enbridge Energy Partners, L.P. - President
On that one, I believe about 60%, John? 60% of the volume?

Audience
…

T. McGill - Enbridge Energy Partners, L.P. - President
Yes, 400 is well over. Because there's a lot of demand lot of demand in there also. That is 60%. now that I think about it.

Audience
...

T. McGill - Enbridge Energy Partners, L.P. - President
You're right; the field guys were pointing that out to us just two weeks ago when we were out there. We've generally waited until we can bypass enough gas, put the plant in, and the plant starts full. But as you get bigger and bigger how big of a plant do I need; do I put 100, 120, 75, what am I doing? I do have the ability to bypass gas and blend it in with the rest of it and meet the pipeline quality specs of the downstream pipe, and that's been fine.

We are looking right now at some preliminary work on designing a plant for that area. We just haven't determined, I don't think, John, how big we want it to be yet. But you're right; we are getting to that point.

Audience
Terry, my question is regarding the Haynesville. Right now it's showing about, I guess, 1.5 billion Bcf of production for this year. What is your estimate of overall takeaway pipeline capacity now and how much more do you think needs to be built and then what's the risk that we have for over building?

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T. McGill - Enbridge Energy Partners, L.P. - President
Oh, we will over build. As an industry, yes, we will. Somebody right now is designing a really stupid pipeline, and they don't know it yet.

Audience
Can you name them?

T. McGill - Enbridge Energy Partners, L.P. - President
It's not us, by the way. No, that was the old joke when you're sitting around the poker table and you can't find the sucker. Yes, well. No, but that's not us.

I'm trying to add it up in my head. Probably 3.5 Bcf of takeaway between Center Point and Gulf South. I'm looking at John; does that sound right, directly to Perryville? Perryville has probably 10 Bcf to 12 Bcf. Now if you go up the Columbia Gulf system and it takes you to Leech, Kentucky, and then you're just dumping into the Teko system, which has its own sets of challenges. So just because you have takeaway there doesn't mean you're actually going somewhere you want to be, it just means there's a road leaving. So you're looking at probably 3.0 Bcf, 3.5 Bcf now.

The two big pipes out of Mid-Con and the Gulf crossing pass by Perryville, but they're really designed to go to Alabama, to Transco, to Station 85, so we don't see those as contributing to the potential train wreck at Perryville. But certainly with the other announcements, and potential expansions, there's going to be plenty of capacity.

But this area, again, it's kind of this give and take with the Marcellus, what happened. But the Haynesville what we've seen, again based on the aerial extent, these wells are real.

Audience
You had mentioned that the Haynesville being dry gas has helped keep the frac spreads high. Do you see the Marcellus as a potential threat to the frac spreads if it's in liquids?

T. McGill - Enbridge Energy Partners, L.P. - President
It's got ways to go before it gets to a measurable amount of NGL. I think the constituents of the Marcellus have very few data points. You're not seeing a lot of heavies, and again I'm looking at John, I don't think you're seeing a lot of heavies out of this; generally your lighter ends are ethane.

Marcellus. Right. Well there's a dump, and it's just going back into the gas stream. And then the question is can New York, can these areas handle it. If this thing were to grow have you lost the ability to blend ethane into the gas stream and still meet the quality specs of the distribution companies? You can do that in Louisiana, because you have 600 miles of blending ins and outs to kind of work it all out, but directly from New York or Pennsylvania into the distribution companies it may be more of a challenge.

But still, when, not if, but when the economy turns around there's going to be a tremendous need for these NGLs, and it's still far enough down the road on Marcellus,

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I think, before it starts to make a measurable difference in whether we have too much or too little.

Audience

Terry, staying with that theme, what's your vision for getting the NGLs west, if that's where you think it goes out of the Marcellus?

T. McGill - Enbridge Energy Partners, L.P. - President

I missed the middle part, Ron.

Ron

How do you see getting the NGLs west to Chicago markets, etc.? I mean are you guys interested in building that pipe ?

T. McGill - Enbridge Energy Partners, L.P. - President

Oh yes, we are interested. But again, I think the Marcellus is new enough; it's like where do you source it, where do you start, where is that Mt. Bellevue of Pennsylvania equivalent. And as the producers we're kind of drilling scattered, holding leases, building their science. There's not one that's jumping out at you that this is going to be the hub all pipes will lead from there.

So I think you're looking at how can you truck it, rail it, barge it; other ways to go to kind of keep things going until really … either a spot gets picked or a spot is obvious that should be the central point. But right now it's still too new to figure out where that beginning spot is.

Good. Thank you very much.

D. Montgomery – Enbridge Energy Partners, L.P. – Director IR

We will now take a break and come back at 10:30 ET.

(Break)

Stephen J. Wuori – Enbridge Inc. – Executive Vice President Liquids Pipelines

Why don't we go ahead and get started again.

It is a pleasure to be here this morning to speak to the liquids pipelines segment of the EEP story, and I appreciate you all coming to the first EEP Day, as Steve said, and hearing the story told in the unique EEP way as opposed to the broader Enbridge Inc. And of course some of what I will talk about necessarily ties to the broader Enbridge story, but it certainly is unique to the assets that EEP has in the liquids pipelines business.

I was chuckling as Terry McGill was talking, not only because I typically do that when Terry McGill talks, but also because he was reflecting on some themes that I think are very common between the EEP gas and the EEP liquids business, and that is

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flexibility for the customers, not always requiring them to make a big single bet in one area, serving multiple receipt points in multiple markets, and so on. And there are a lot of the same parallels when you look at the EEP liquids system and the overall Enbridge system and what we tie to, both on the upstream and in the downstream end.

Many markets that are very important for customers to get to, and I think our focus certainly in the whole liquids pipelines area of the business, is on the customer, because if you reflect on the customer, which I'll do for just a moment here, it's a really interesting time. Generally the producers are in great shape; they may not always say that, they may put cautionary words in front of it, but with crude consistently above $75 a barrel and differentials to Canadian relatively tight to historic norms, the Canadian producer, and particularly the Canadian heavy oil producer, is in very good shape.

So on the upstream side of the business we have a great story, both in the oil sands and also in the Bakken, where clearly the price of WTI, which is the look alike to the Bakken, in fact Bakken in many ways is superior in the asset quality of the crude, the quality of the Bakken crude, the pricing of the Bakken crude, assuming it reaches the right market, versus the cost of producing that crude in the Bakken Shale is very strong. So generally the upstream side of the business and the customers there are in very strong shape.

Very different on the downstream end, as you all know and that's something that we are also watching very closely. Refining margins having collapsed quite a bit from two years ago demand having peaked in 2007 in the U.S., and no particular signs of it tending to recover. And a new element that is also coming in that I think is worth having our heads up on, and that is the notion of refined product imports, which of course have always flowed to the U.S. shores, increasing quite significantly.

As you know, the Reliance Refinery in India going into service at nearly a million barrels a day, largest in the world, is an impressive, highly complex refinery capable of producing everything, including high spec, California spec product. And I think we're going to see that refinery, and ones like it on Tidewater, are going to be an important factor going in. They tend to threaten, in particular, the PAD 1 and PAD 3 refineries. Both, the weak margins, weak demand, as well as refined products imports are threatening the Philadelphia area refineries where we've seen two closures, and then also the Gulf Coast market.

And so our view is that the EEP liquids system serves the market that is least affected by this new phenomenon, that being the inland market, primarily PAD 2, somewhat Ontario, but primarily the entire reach of PAD 2, which goes down and includes the Mid-Continent at the Cushing market. So the EEP liquid system, I think, is really well positioned for growth in that area, and I have a slide that talks about it in a little bit.

So it's an interesting time. And I think this is a time where our view is we need to look carefully at what the best markets are, what the supply is compared to what we thought it would be in terms of growth, and how then to access markets that will unlock value for the producers primarily or give access to refiners to the oil sands or

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Bakken crude in a way that does not make the big bet too soon or make the big bet that shouldn't have been made at all.

So you will see consistently a theme both in the oil and the gas side of EEP: flexibility, multiple points. Not looking to just make single big commitments, but looking at ways that customers, and that we can look through the customer's eyes and see exactly what they're seeing, and then react to it before maybe they even think of what the right project might be. That's our view of market development, and that affects the EEP liquid system, because everything that Enbridge Inc. does downstream of the EEP system and upstream does have an effect on the volumes of the EEP system.

So I just thought I'd reflect on the state of the customer, and also the fact that we are a highly flexible system before we dive now into the system itself.

We're also coming off of a period where we have, and I checked with Mark Maki before getting up, we have doubled the rate base of the EEP liquid system in the last three years. We are just completing the huge build out of Southern Access and Alberta Clipper. That has added a tremendous amount of earning power and cash flow development to the partnership, and those projects have gone exceptionally well.

And so I think we're coming off a period where the EEP mainline now has all of the capacity that it's likely to need for some time. Further growth, obviously you can't double the size of your mainline and then double it once again, especially unless supply really takes off like a rocket in Western Canada. But we're coming off a period of very successful growth, and now we look to other opportunities to lever off of what we've built and make this all go.

Then I'm going to cover just a few things in terms of the outlined key messages, fundamentals, talk a little about the expansion program, the strategy and competitive advantages that we have in the EEP liquids system, and then the growth opportunities that I touched on.

The key messages, and I'll repeat this at the end, are certainly the best alternative for Canadian producers to access the U.S. markets. The Canadian producer can access nearly any market that is desirable now using the EEP liquids system. You can get into the Minneapolis, the Wisconsin, and the Chicago land area refining market. You can get into Cushing via the expanded Spearhead pipeline that comes off the EEP system at Flanagan, Illinois, so you can feed Cushing from that direction.

You can get to the Gulf Coast coming off the EEP system at Chicago onto the Mustang system that Enbridge and Exxon Mobile have, and then on to the Pegasus pipeline that was recently expanded by Exxon Mobile that moves down into the Port Arthur refining area. So you can get to the Gulf Coast, you can get to Cushing, you can get into all of PAD 2, Toledo, Detroit, and also the Ontario market.

There will be an interesting play as to what happens with Line 9, how much flow is going to continue to come in on Line 9 from Montreal back into the Western Ontario refining complex versus how much Western Canadian oil and Bakken crude is actually going to get run in those areas. So a lot of flexibility for producers to reach

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the right markets through the EEP system, completing the largest expansion program in our history, as I mentioned.

And we also have constructed these agreements to ensure that we do not have risk in the areas where we cannot control it, that being principally in volume. So things like Southern Access and Alberta Clipper do have volume protection, because we're not producers, we're not refiners, and therefore we have to rely on the strength of those agreements with those that do have the ability to control volume and can put that volume through our system or pay us for it if they don't. So you'll see that those agreements have been constructed with a lot of strength and stability in that way.

And then also organic growth opportunities that really now hover around the Bakken and that feeding into the mainline. The Cushing complex is a fascinating one for EEP, the largest owner and operator of tankage at Cushing, a very active area, and it appears that there's more demand for services and tankage in the crude oil business in the Cushing hub. So a lot of things happening in the liquids pipeline system.

Steve Letwin showed this chart earlier, the specifics of exactly what's happening in the crude oil world. We have updated this for 2009 showing that Canada for the fourth or fifth year in a row is the number one supplier of crude oil to the U.S. followed by the names that typically flip back and forth, Mexico, Saudi, and Venezuela. Last year Enbridge moved 71% of all imports from Canada into the U.S., or put another way about 12% of all U.S. imports of crude oil came through the EEP liquid system.

Just for a matter of interest, we have about a hundred different types of liquids in the multi-line system that we have down there on the lower left, and about 80 shippers on the system. That has grown a little bit as a number of marketing companies have come into the space and have become shippers on the system, but generally the names that you would expect are still the large shippers on this system.

Just a comment on that, a hundred different types of liquids. I mean as a pipeliner it drives you crazy. Terry's business is simple because it has-- I didn't say Terry; I did say Terry's business. Terry's business is simpler, because if it's dry gas it's dry gas. If it's wet gas it's going to go some place, get processed; there's no such thing as a batch. Whereas we have hundreds of batches 10 miles long, 30 miles long, 15 miles long in all of these multiple pipelines that we have. And it is literally the most complex scheduling system in the world for the movement of crude oil through this system that moves everything from spec jet fuel in Canada to natural gas liquids all the way through the U.S. into Sarnia to the heaviest crude that is currently allowed in pipelines that has a high viscosity of about 350 centistokes, so a lot of variety of liquids.

And I think that's where we specialize, is in the ability to give flexibility, to keep the product neat, because we move crude in different lines of different qualities. Generally heavy oil moves in the big pipes, light oil moves in the smaller pipes, and we keep them heavily segregated. So that's a real important service offering of this system versus the single line system where you basically have only the ability to put one batch in after the other, and it comes out in exactly that order on the far end.

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So a very strong outlook, I think, in terms of just the whole Canada/U.S. thing, hockey aside, is that Canada is and will continue to be the number one supplier of crude oil to the U.S., and that's really where this company is positioned is right in between that supply and that demand. I think that's an important fundamental as we look at it.

Looking then more specifically at supply this is the Western Canadian sedimentary basin current forecast. The 2009 Enbridge forecast is shown at the top of the gray band.

The former forecast, just for your interest to show how the world changed, that we had back in 2008 is shown in the dotted up at the top. And of course there we were projecting that by 2018 we'd be at nearly 5.0 million barrels a day coming out of the Western Canadian Basin, and obviously the credit crisis, changes in crude oil price, cost in the oil sands, a whole host of issues have caused that supply forecast to come down, but only down relative to that. There is still substantial growth of about a million and a half barrels a day expected between 2009 and 2018.

This also does not include the Bakken; the North Dakota Bakken is not included here. So I have another chart that talks about that.

But basically, just again for your interest, the bottom two products on this graph, blended conventional heavy and conventional light, are what you might expect are found through the drill bit or steamed out of the ground through conventional wells and so on. Then you have oil sands products that start here, and basically anything that has the word synthetic next to it or "dil" next to it is an oil sands products, so diluted bitumen, bitumen diluted with Syncrude, which is an expensive way to blend heavy bitumen, and then your upgraded products that come out of the existing upgrade is in the oil sands now, Syncrude, Suncor, CNRL, and others, synthetic light, synthetic heavy.

So those are the products, and this is the current forecast that we're using, a 4% to 5% growth rate now expected out of the oil sands versus 7% to 8% back in 2009. So strong outlooks in terms of overall supply growth between now and 2018.

The other thing that I think is worth noting, and I was sitting there wishing I had included it because I think it's a really interesting chart, and some of you have seen CAPP member companies use this chart, where it shows the total proven reserves of crude oil in the world, and then it takes away what is state controlled and it leaves a very, very slice of that thin pie that is not under state control of crude oil reserves in the world, and then half of that belongs to the Canadian oil sands. So I think that really puts into perspective the importance of the oil sands and oil sands development when you look at the entire picture of crude oil in the world.

There really just aren't that many other places to find crude oil that is not under state control. We certainly know that there are oil sands in Venezuela, there's the Orinoco belt production also, but there are political problems. We know that there could be more oil in Mexico geologically, however geopolitically it's much more difficult to get at because of the lack of privatization of the industry there.

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So the Canadian oil sands are accessible, they're close, they're friendly, and they're not under state control, and I think that's an important distinction as we look at the macro picture going forward for production coming out of this area.

Just a couple of slides then that more specifically talk about the oil sands itself. About a million barrels a day of announced projects are being developed between now and 2016, and we tried to show those on that table on the right hand side, a number of the projects that are moving ahead. And I'd say there's resurgence in the oil sands that I think most of you are aware of.

If you looked at December of 2008 that's when I mark the low point for the mood of the Canadian oil sands. That's when it looked like everything was heading downhill. Crude, of course, had come from $143 to $35, the credit crisis had affected a whole lot of the smaller players especially, cost had spiraled in the oil sands because of that prior forecast and everybody's thoughts and feeling around it, and it really looked like would the last one leaving please turn out the lights. That was about December of 2008.

And since then we've seen nothing but positive announcements from the players that you might expect, but also from the players that bought acreage positions and had acquired land in the oil sands knowing that there is none available, and now are enacting those, people like Total, Stat Oil, of course Exxon Mobile, Imperial Oil, Suncor, and others that are certainly moving to act upon those leases.

Because in the oil sands it's interesting because there are no finding costs--the entire operation is about reducing the cost of production, how do you get the cost of production down. And having bottomed out nicely and then risen to heights that were concerning that cost structure is now coming back in as labor rates are more reasonable, labor productivity is better, and there are a whole lot of reasons to look at the oil sands and say yes, this is a manageable picture of cost as you look at whether it's a mining operation or a Sag D in-situ crude oil operation.

So I think the fundamentals are certainly very good, and clearly a lot of large balance sheets are making moves in that area. And maybe that's the way this thing will end up; it will be mostly a large person's game, mostly the ones that have the heft to take the long look 30 years out, 35 years out, and flip the switch that says we will act on this lease. Because the potential, of course, for stranded cost or some cost is huge when you're looking at this. This is not something that you turn on and off; this production comes on and it stays on. It has to. And so it also has that about it that's different from the drill bit.

So this gives you a sense for the projects that have been announced. And then there's that huge high bar of TBD, and that is the potential that's there geologically, and in the land positions in the oil sands for people to act upon that have not yet made their announcements. So that gives you a sense for what's been announced, what is happening, and what could potentially then happen in the future.

Another thing that's kind of interesting is really what the Canadian producer relies on a lot, and that is the differential. Canadian crude is nearly always a price taker,

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generally trading, depending on the quality, at some discount to WTI. There are some grades that trade also at a premium.

So left hand chart tells you that-- This is a prior… forecast, by the way, both of these charts, that generally the WTI to WCS, and that is West Texas Intermediate at Cushing to Western Canadian Select, which is a heavy blend of crude oil, a proxy for Canadian heavy oil coming out of the oil sands. Western Canadian Select at Hardisty that differential running in a pretty normal range as we look forward, having been at very extreme levels back in 2007 due to lack of pipeline capacity and therefore, downstream refiners demanding deep discounts in the crude pricing to account for what they claimed was a reliability factor that they had to account for. The pipeline constraints are gone. Of course, we've seen the relative crash in that differential in 2009 and we see that returning to pretty normal levels, $10 to $15 a barrel, recognizing there is a quality difference there. WTI is a better quality than Western Canadian Select, so no storm caused on the horizon there.

What is interesting is when you look at the heavy-to-heavy differential outlook that PIRA has Mayan, of course, would be priced at Mexican Mayan heavy priced U.S. Gulf Coast to WCS priced at Hardisty. We saw that differential $10 a barrel, even higher than that, back again in the 2007 era and actually, it's enough to get people thinking about building a huge pipeline to clear that arbitrage between Alberta and the U.S. Gulf Coast. You can see what's happened since. The differential has basically come in to nearly par, not quite a couple of dollars a barrel. PIRA's outlook is that's going to stay very low and in fact, curiously enough, they show Hardisty heavy oil trading at a premium to Mayan in the Gulf at some point in the future. Again, this is a forecast; you don't know exactly where it's going to be, but that's PIRA's view. So our view then is there's no room for a $6.50 pipeline pull in that differential. You will not pay $6.50 a barrel to move your crude that you can sell at Hardisty, Alberta to the U.S. Gulf Coast. There just is no economic rent involved there and so we really think that that again urges caution, especially when looking at the U.S. Gulf Coast market, again, because of products, the threat of products, refinery closures, generally tough refining economics and so on.

We really think that this points to the importance of the PADD II market for Canadian oil. As it always has been, we think that it will also continue to be; there just really is not a driver to make a huge bet on a pipeline between Alberta and the Gulf Coast. Our belief very strongly is that the way to do that is incrementally, to increment your way, much as we've done in other areas of the business, to the right solution, the right volume, the right timing, the right capital investment as you look at making sure that there's access to the Gulf Coast market, but you clearly don't need access for 400,000 or 500,000 barrels a day of crude. That's being cleared right now with about 100,000 barrels a day coming down the Pegasus Pipeline into the Gulf Coast and the occasional cargo moving from Vancouver, B.C. near the torch around and through the Panama, a very unlikely route that once in a while finds its way to the Gulf Coast.

So that's some interesting fundamentals that I just wanted to reflect on for a minute. I would say that this is good for the Canadian producer. This is really good for the Canadian heavy producer and it is not good for the Canadian upgrader and so there is it in terms of the outlook for more upgrading being built, recognizing that there are

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political pressures to do so in Alberta and other interests that would like to see more crude upgraded in Alberta. The fundamentals do not generally support that. We do stand ready to move heavy crude or upgraded product though. We move both in our system. We're very much interested in any of those barrels. We haven't made a bet on one or the other, but clearly, the fundamentals say that generally speaking the heavy oil moves to the U.S. market, primarily to the PADDII market.

Looking at where then, where should the crude go; this is our forecast on slide eight, the Demand growth Outlook for Western Canadian Crude. About 5% CAGR in the PADD II area when you look at the big refinery conversions of BP Whiting in the Chicago area converting from light to heavy; the Conoco/Cenovus joint venture, Wood River Refinery at St. Louis, in the St. Louis area coming into service also in about that same time frame, 2012/2013, converting again from light to heavy; Marathon at Detroit in the process of deciding when to trigger that upgrade of the Detroit Refinery to process heavy oil, so a lot of things driving the PADD II demand.

PADD III is shown there and it is a market that will be important to the Canadian producer, but it pales in comparison to the PADD II market.

Then East Coast exports way out in the outer years, we do look eventually at reversing line nine, which we had proposed a couple of years ago and then lack of supply, push and other factors caused us to delay that, but we still have that in mind when we look at the longer-term vision for where Western Canadian crude meets the Gulf.

Just a reflection on the expansion program that we've completed, I'll very quickly run through the numbers for you: Southern access was $2.1 billion; completed in May of 2009. That was from Superior, Wisconsin to Flanagan, Illinois. It added about 400,000 barrels a day of additional capacity to that segment of the system and about $230 million to $250 million in EBITDA.

Alberta Clipper, $1.2 billion on the U.S. side in EEP is now virtually completed and to be placed into service later this year. We do have the joint funding agreement, which helped EEP with its funding issues, as you know where Enbridge, Inc. funded two-thirds of Clipper U.S. and EEP one-third. That added 450,000 barrels a day of additional capacity to the system and about $57 million of EBITDA to EEP, and both of those are volume protected.

The other one is the North Dakota expansion and that was Phase VI and I defy you to tell me what phases one, two, three, four and five were, because I'm not sure I know, but the fact is we call it Phase VI and we placed it into service a couple of months early on January 1st. That is to clear the need to move Bakken crude out of North Dakota. There is one 50,000 barrel a day or less refinery in the state of North Dakota. There is some crude that moves to the west into PADD IV, but basically the Bakken production has to go east and south. It has to get out of there and so the Phase VI expansion added 51,000 barrels a day of additional capacity to the North Dakota system and I have another map on that also. That adds about $50 million in EBITDA to the EEP system. That also is volume protected.

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In terms of the strategy, I've talked about that quite a bit, so I won't belabor it. We talk about flexibility and crude quality, numerous delivery points and so on. This concept of operational excellence, we have an acronym or a name for it in the company called performance excellence, where we're really looking at maximizing the financial performance of every one of the assets of the company, both on the Enbridge, Inc. side and also on the EEP side and making sure that our totals remain competitive into the markets that are most important and then look to anticipate, I guess would be the way I'd look at it, anticipate what the customers' needs are going to be, where we think the best net-backs are going to be available and then propose projects that will get to those markets, hopefully staged in a way that makes sense from a capital deployment perspective and a capacity perspective.

In terms of growth potential, as I said, the main line is now pretty well built out. We've added huge capital to that. You won't see main line expansion on the EEP system for some time. You will see optimization of that capacity. It's pretty exciting to have that many pipes now that are available for flexibility to save power costs, but also to move crudes into the lines that make the most sense. So we have a large optimization initiative under way to do that in the system; significant growth in North Dakota and then also merchant storage at Cushing, as I mentioned earlier.

Specifically then to Cushing, we have about 15 million barrels of storage capacity there currently. As you know, Cushing has been bottlenecked for quite a while, not so much so right now, but it certainly was in the last year. It became a bottleneck for crude and there really was a disconnect between WTI pricing at Cushing and what other crudes were pricing for. What it points to, Cushing being as an important hub as it is, it points to the need for storage and I think that you will see EEP continue to add to its business there at the Cushing hub around the storage assets that we have and that we make available. Again, we try to do those as best we can so that we lease space to those who wish to buy crude, sell crude, store crude and we do not ourselves want to take the risk that is associated with that. We do some through our Tidal marketing where we think there is an optimization opportunity, but generally that business is intended to serve those who really want to make storage plays in the Cushing area and we make that tank capacity available for them under agreements that are as long-term as we can make them, typically five to seven years is what you get in the storage business.

In the Bakken this is kind of an interesting chart. It shows you the pipeline capacities of the various pipes leaving on the horizontal lines there, including then, back on top, the Enbridge capacity leaving North Dakota, including the Phase V and Phase VI expansions. Then it shows this area of gray to the upper right, that big triangle; that is the potential production and this is only the North Dakota Bakken. I might add the Saskatchewan Bakken, the same formation, also that production moves through the EEP main line system coming down out of Canada, but a big amount of potential in the Bakken, the Sanish, the Three Forks formations there and we've tried to map out, as best we can, an estimate of where that could go, so great prospects in the Bakken region.

What does that mean? In terms of growth opportunities in the Bakken, the North Dakota system from eastern Montana all of the way through to the main line at

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Clearbrook, Minnesota was just expanded and the main expansion Phase VI was really from Berthold in North Dakota to Clearbrook on the main line. We're now looking at where else we need to expand. We're expanding the Saskatchewan system on the Canadian side at the same time. The latest project that we have in mind is what's called the Bakken Pipeline Expansion Project or BPEP and that would be to reverse a link that we have here that used to tie these two systems together across the border; reverse that; pump the oil up into Saskatchewan and then, using extra capacity that we have there, move it over to the main line and then down to the market. The other option, of course, is to up the capacity yet again of this section between Minot and Clearbrook, recognizing that the existing conduit is fully utilized. It's as powered up as we'll get it. We use drag reducer and horsepower and everything we can to pump that line. We would have to add pipe if we do that, but it's exciting to see that the systems lie right in the middle of the Bakken and we're in touch with all of the producers there to see exactly what the next plan should be for expansion of that area.

My last slide then is a repeat of the key takeaways. Again, the best alternative to what we think will be the most attractive markets for Canadian and Bakken crude. We've just completed the huge expansion program and really, largely on-time, on-budget and that is remarkable to add as many billions in capital as we have to the system of EEP Liquids on-time, on-budget I think is a huge credit to Al Monaco's group that we formed two years ago called Major Projects, our in-house construction company that's also now looking for Enbridge at things like the Walker Ridge project and other things and using the discipline that they've built to make sure that all of the costs are controlled and the schedule is controlled.

We also, as I reflected on, have the new projects having the take or pay attributes that are very healthy for EEP and then organic growth opportunities, as I mentioned in the Bakken, at Cushing, optimizing the main line and then anything that Enbridge, Inc. in turn does will tend to draw volumes through the EEP system. So it's a very strong outlook, a very strong picture. I think it fits together really well with everything that Enbridge, Inc. is doing, both upstream and downstream.

With that I'll stop and see what questions you have.

Audience
Can you talk a little bit about the impact of Keystone and then secondly, is there a risk of over building in Cushing? Talk about the composition of your customer base in Cushing. Is there a large exposure to financial players or not?

Stephen J. Wuori, Enbridge, Inc., EVP Liquids Pipelines
Maybe I'll take those in the reverse order. We certainly are cognizant of the idea that, as Terry said on the gas side, in aggregate people tend to over build. We just don't want to be the player that over builds. We are looking at that at Cushing. There are some interconnectivity things that we have that are unique at Cushing in terms of flexibility for customers to get into the network of pipes that come in and out of Cushing, so we're trying to capitalize on those advantages, but it's a very good question and I think that's why you haven't seen us move even more aggressively at expanding Cushing.

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I don't think I'll comment really on who the players are, certainly not in specific. There would be large multi-bracket trading houses, as you would expect, smaller independent trading houses and then, frankly, major producers also with very large trading and marketing operations. So it's a mixture and I guess the root of your question really is if it's overweighted to the financials. I would say no, not at this point.

The first question then was the impact of Keystone and we have factored in an assumption that Keystone will move its contracted volumes into what we budget for EEP. I cannot speak to what actually is going to happen on the Keystone system, but we assume that it will move its contracted volumes. Anything that you see by way of guidance coming out of EEP management would reflect that.

Audience
Steve, you mentioned Alliance out of India. Do you think most of that refined product will go to Asia or do you think it's actually going to land U.S.? Second of all, can you comment on any kind of thoughts on getting Canadian Oil Sands to the West Coast of Canada to move towards China?

Stephen J. Wuori, Enbridge, Inc., EVP Liquids Pipelines
Sure. It's a good question. It's Reliance out of India. Ostensibly that would be best positioned to serve the Chinese and Indian and generally the Pacific markets in the western Pacific; however, for some reason the U.S. market is always important to someone who's got product to put on the water, whether it's LNG, whether it's refined product or whether it's crude oil. There recently was a cargo from that region of spec jet fuel that made its way to Tampa, Florida, the Florida Everglades and apparently the shipper made money.

So I think that tells you that there will be refined product barrels pointed at U.S. shores coming from the mega refineries, like Reliance, that are there. Again, when they're building those refineries they're doing what we've been trying to do for 30 years in building no new refineries in the U.S. All we've done is upgrade those refineries and made them more complex and able to process a greater variety of feedstock. They're building them to do that. They're highly complex, highly efficient refineries, very large economies of scale. I think we've got to keep our eye on that. Having said that, transportation wise it would make the most sense for them to supply a lot of the Asian market before coming to the U.S., but there are geopolitical factors, I think, that enter in to say the U.S. needs to be an important market even for the Indian product.

The West Coast: As you know, Enbridge, Inc. has worked for about eight years on the Gateway Pipeline concept from Alberta to the West Coast of British Columbia. It's likely there will be a regulatory application for that in the middle of this year or thereabouts. That one is really all about whether there needs to be another bid on the crude for Alberta producers and the Alberta government other than the U.S. market. We'll see how that whole dynamic evolves. I mean certainly, as I mentioned earlier, Canadian crude is always a price taker, nearly always a price taker. I think what Gateway would be all about is strengthening the pricing power of the Canadian producer that's operating in the Oil Sands, so we'll see how that all works out commercially.

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Audience
You've seen a major producer in the Bakken utilize rail and alternatives to pipeline transportation. I'm just curious in terms of what happened with that specific producer whether you see that as a competitive alternative for producers out there.

The second question is on the Bakken pipeline expansion proposal that you've got is that something that you just roll in rates on your existing pipeline or is that going to require a whole separate process?

Stephen J. Wuori, Enbridge, Inc., EVP Liquids Pipelines
Yes. Well, that one could be a contract pipeline situation where there would be those who literally sign up for take or pay capacity as individual shippers rather than a total roll-in. We're looking at both alternatives for that and trying to balance, as we always do, between the interest of large producers and small producers and what's the ultimate equation that's best as either a rolled-in common carrier expansion or a contracted expansion. Leaning probably is that that project is more likely to need contracted support at this point in time for those large players who are looking to move significant volumes and have certainty around moving those volumes, so we'll see how that develops. But there is also high value in common carriage. That's been our hallmark for 60 years is having common carriage available for everyone, so we're balancing between those two.

Audience
And the rail side?

Stephen J. Wuori, Enbridge, Inc., EVP Liquids Pipelines
Yes. On the rail side I certainly won't attempt to speak for the company that has built the rail facility and exactly why they would do that. I think generally speaking the reason you would do that is if you can't get into a pipeline and you must get the product out or shut in very lucrative wells and so my thought would be that that's probably what was afoot there.

We view rail as a short-term option. Rail over long distances, over long periods of time is just not a great way to move crude oil around. It's just not. Pipelines are clearly the most efficient, safest way to move crude over the long-term and so we would view rail to generally be a shorter-term option. Having said that, of course, as you know, there is crude that does move by truck and rail, but usually it's where they can't get efficient access to a pipeline and our expansion projects are really designed to clear that.

Audience
How would you describe the sensitivity of the EEP earnings to lower oil prices, let's say in the fourth quarter of '08 when the oil price came down? Doesn't that affect Canadian Oil Sands production and potentially –

Stephen J. Wuori, Enbridge, Inc., EVP Liquids Pipelines
No.

Audience

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What is the sensitivity of your earnings to lower oil prices, say $50 crude?

Stephen J. Wuori, Enbridge, Inc., EVP Liquids Pipelines
This is going to sound cavalier, but in 30 years of being in the crude oil business at Enbridge I think I've seen almost any WTI price scenario you could imagine from probably $8 or $9 a barrel to $143 and our throughputs never change because of crude oil price. Oil sands crude in particular really doesn't shut in the manufacturing processes associated with mined Oil Sands crude. The steaming processes in the sag D... operations don't lend themselves to turning on and off based on crude price, so our throughputs really do not vary on crude price. Having said that, of course, a sustained low, uneconomic crude price will have an effect over a period of time, but there really is no fluctuation and it's been an amazing phenomenon to see. There has been no fluctuation based on crude price in our throughput.

Audience
Can you talk about your outlook for the NEB hearing on Keystone XL and then what comes next in terms of ... permit, what else needs to get done to get that project going along or kind of how you're thinking about how that evolves?

Stephen J. Wuori, Enbridge, Inc., EVP Liquids Pipelines
On Keystone XL?

Audience
Keystone XL.

Stephen J. Wuori, Enbridge, Inc., EVP Liquids Pipelines
I think we, like everyone, are just waiting to see what the NEB decision is. We participated in that hearing, we, as Enbridge, Inc., participated in that hearing last fall. The NEB had originally intended to issue a decision by early January; gave themselves the first quarter of the year to make that decision and we're now in March. So I guess we are waiting to see what the decision is on that pipe and I have no insight as to what that might be.

Audience
Can you talk about just Aux Sable how much capacity there might be to serve volumes out of the Bakken or even out of the Marcellus essentially?

Stephen J. Wuori, Enbridge, Inc., EVP Liquids Pipelines
Steve or Terry might want to take a crack at that. I think, clearly, volumes coming out of the Bakken and down Alliance would be a great fit for Aux Sable, but any thoughts on capacity?

S. Letwin - Enbridge Energy Partners, L.P. – Managing Director

Well, as you may know, Aux Sable, about 70,000 barrels a day of liquids and it serves the Alliance shippers/producers. I would tell you that Alliance moves about, on a contracted basis, 1.32 Bcf a day and with available other supply, moves that to around 1.6. With compression on Alliance and some minor expansion at Aux Sable we could probably see that expand to another 300 a day off Alliance, so on a percentage basis

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you could see another 15% improvement in Aux Sable liquid volumes with that kind of expansion. It's very low cost.

Audience
The capacity was 87,000 barrels a day. Is that about the difference that you'd be able to fill up?

[Inaudible voices]

Audience
Okay.

Stephen J. Wuori, Enbridge, Inc., EVP Liquids Pipelines
Any final questions? Okay. If not, thank you very much. I'm going to turn it over to Mark Maki.

Mark Maki, VP, Finance
Well, thank you, Steve. Thank you, Steve, for that. I appreciate it. Just a couple of things first before I start the presentation. I'm the last thing between you and lunch, so I'm going to try and be as quick as I can with this, but I wanted to acknowledge two folks in the room who did a lot of work for us in the last year. One of the things that the partnership does, I think very well relative to the other folks in the MLP space is it does get its SEC documents out early, so our 10-K has been filed. It's been out there for almost two weeks now. Steve Neyland, who is the Controller that Steve Letwin introduced earlier, makes that happen; and our Qs are always filed shortly after our conference calls. Again, they're right there, so we try to get our disclosure documents out fast and Steve is the guy that makes that happen.

The other guy I want to recognize is Jonathan Rose, the partnership's Treasurer, who has been working on financing for the partnership for a number of years and does a stellar job.

With respect to our outline here, I'm going to touch on a few things that I think are important; certainly, the key messages from the financial perspective. I'm going to talk about our 2009 report card a little bit; what we see for 2010; what's different; the financial strategy; our outlook; and finally, I'll talk a little bit about risk management, which is one of the key things already questioned by the audience here.

First off, whenever I do presentations, when I'm not the straight man for Terry or Steve, which is my usual role, I like to talk about what Enbridge Partners is relative to Enbridge, Inc., because they really are different offerings and this audience, I'm sure, understands that very, very well. But clearly, if you're an investor motivated by growth and income, Enbridge, Inc. is a great investment to look at. If you look at the track record for the parent company, look at the last ten years as an example, they've grown their dividend in excess of 10%, compound annual growth rate over that period of time.

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The last increase was 15% from the parent company. Their earnings-per-share growth projection looking out over the next ten years is expected to be around 10% EPS growth. It's a great investment for someone motivated by growth and income.

The Partnership is more of a yield instrument, so when we look at the Partnership in the Enbridge family we view it as a source of income for our investors. They have a smaller growth component and Steve touched on that and I'll touch on it again, but it really is about yield. So we're providing income to investors. That's what the sweet spot is for Enbridge Energy Partners. It determines what goes into the Partnership in terms of assets. It also has a big influence on how we manage this business.

That's the next set of bullet points there: We're very, very focused on sustainability of distribution. That's our number one job; is making sure that we sustain the distribution; we don't cut it. That's the mindset that we use when we look at all things in the Partnership, sustainability of distribution, sometimes at the expense of growth or up side.

Now, the general partner relationship that we have is, I think, also one of the unique attributes of our Partnership. Enbridge Inc. is a great general partner in terms of size, scale it has been extraordinarily supportive of the Partnership over the last several years and you have to look no further than the market down turn at the end of 2008, early 2009 to see examples of how critical Enbridge, Inc. is to the Partnership.

In terms of financing support Enbridge was there to partake in an equity offering at the end of 2008. It provided liquidity, bridge liquidity in the form of a credit facility that allowed us to get through the heavy capital phases that we were in 2007, 2008 and 2009. Finally, it's been touched on, down the road if Enbridge, Inc. needs capital at the senior level the Partnership becomes a vehicle for drop downs and so that relationship is very important to this vehicle. Not a lot of other MLPs in this space have that kind of a strong general partner.

With respect to 2009, Steve Letwin is one of the most transparent guys you're ever going to run across and when we did our guidance call for 2009 he really outlined the first three objectives that are on this slide as being critical for us to achieve in 2009. Job one was securing the distribution, stabilizing the credit ratings, and then working on our equity overhang. All three of those things he was very transparent about, very vocal about and we went after it very hard in 2009.

As it relates to the credit rating I want to touch on that just for a minute. Obviously, we're always very focused on equity investors, but the debt investors provide roughly half of our capital too and so we're very focused on them as well. Maintenance of credit rating is very important to us and very important to our debt investors. When we went into 2009, of course, the credit rating was under stress. It was a negative outlook by the various agencies that rate the debt and we worked very hard to ensure that that negative outlook was taken off.

The value of that is certainly clear when you look at the fact that we could actually issue debt in December of '08 when not many other people could, so the value of the investment grade credit rating is very important to us. Over the years we've had a

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number of folks telling us you could be a Bb company. Well, that works most of the time, but not all of the time.

Finally, the last two points for '09 that we worked very hard on and it showed up in good coverage for 2009 of our distribution. We went into the year expecting our coverage was going to be thin and we actually ended up with fairly decent cash distribution coverage of 1.11 times. That was good. We did that by focusing on operating costs and by controlling our capital spend, so those two things really helped us out.

So, going into 2010 some of the same items will be focused on. We're going to focus on securing the distribution. We're going to minimize our equity requirements as best we can. Steve touched on that in his comments. We're going to work on our operating cost targets. But what's different is we are really turning our attention to growing the partnership, growing our distributable cash flow and then, in turn, growing our distribution.

With respect to investment in the Partnership, of course, one of the things that stands out is our yield. Using yesterday's price this shows yield data from a few days back, but 7.65% was the yield based on yesterday's close. We are one of the more attractive yields in the space relative to the large-cap MLP peer group, but one other thing I think people tend to lose sight of is that an investment in EEP, because of the amount of capital we deploy and put to work, has a very attractive tax deferral associated with it, so when you look at our Partnership; and this holds up quite well over the longer run; when you look at the relationship between taxable income that we allocate investors relative to the cash distribution they receive there's a very small amount of taxable income pushed to our investors, so it's a very attractive investment from a tax perspective for folks. We see there, projecting out the next couple of years we expect to be around 100% deferral or pretty close to that.

Now our distribution growth target: Steve had this in his presentation. We're targeting some place between 2% and 5% in terms of our growth rate and we'll talk about how we'll drive that out in just a few moments. Certainly, we had a period where we were flat for a while and we were working our way out of that with a couple of very large organic growth projects that we had. Things are looking very good for us. We raised it from $3.70 to $3.80 then from $3.80 to $3.96 a unit for the year. Then the credit markets and everything collapsed, so we stayed on $3.96 for 2009. We do expect to be able to get back on a growth path with some initiatives that are being led by Steve, Steve Wuori and Terry McGill.

So how are we going to do that? Well, first off, the rule book that we follow is pretty much the same rule book we followed for any number of years. I've been with the Partnership for roughly 25 years, with Enbridge for 25 years and with the Partnership for as long as it's been around. We look at all projects through the prism of what does it do to the distribution. So we're very concerned with does each project exceed its cost-capital-hurdle rate. Is it accretive to DCF in the first year of operations, first full-year of operations. That's not to say we won't entertain something that isn't, but we look at those very, very carefully. We have to be able to see very clearly that we can make an investment be accretive quickly.

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So what are we going to be looking at? This has been touched on in some of the presentations by Steve and Terry. Certainly, we're going to look at additional organic projects, like the South Haynesville project around our gas assets. That clearly is something that we think there are more of those opportunities out there and they have attractive economics associated with them.

The project that Steve Wuori described, the potential expansion in the Bakken, again, another great project, fabulous returns in terms of being accretive to DCF and very safe and stable for our investors.

Here's an example: This is assuming a $200 million investment. We're financing at 60% equity, 40% debt. We're making some assumptions that we're going to be paying back the debt as we go and that we're going to have around $2 million a year of maintenance capital, which, frankly, is a high number for this size project. So we're assuming there is rotating equipment or compression or that kind of thing associated with it, but it's going to need work as we go over time. But as you see, at different EBITDA multiples the accretion varies between, say, $0.025 to $0.07. So a few of these put together gets us to the minimum or the 2% growth and we certainly see, as we look around our assets, that we are going to be able to grow distribution some place in that 2% to 5% zone.

We've always touched on what our forward cap ex looked like and certainly for this year it's around $800 million. The biggest piece of that is finishing up the Alberta Clipper at about $300 million of capital. So our expectation looking forward at the Partnership is somewhere around $500 million of capital that we'll deploy in a normal year, barring other opportunities. Roughly $100 million of that will be core maintenance. As far as the split between gas and oil, it's going to vary year-to-year. We're going to be very much opportunity driven, but certainly, with a capital program like this we can sustain a distribution growth rate that's in the lower end of the range we just talked about, the 2% to 5%.

As far as capital requirements besides cap ex and re-financings that we are facing in the Partnership, a couple of things of note: First off, our credit facility matures in April of 2013 and that is a facility that the folks in our treasury group will start working on here in the near future. Any other large maturities, nothing of note; there is a 3.10 note, which was issued at the end of '08. It's put-able to us in 2012. That's not going to happen at a 9.875% handle with a BB rating. No one is going to be turning those in. And a couple of other small, senior unsecured notes that are scheduled to come due as well and those we'll refinance as we go. So nothing major on the debt maturity side.

Funding requirements: This is a slide we've used for some time now, basically showing how we expect to finance the next couple of year's cap ex in terms of the split between debt and equity. Certainly, our equity requirements look to be very, very modest with the current plan. As opportunities arise and as Steve has touched on, accretive opportunities, we'll issue equity to finance those provided we can move the distribution.

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Financial metrics: We are trying to target with our financial metrics the metrics of Moody's, Standard & Poor's and DBRS. You see the metrics there on the far right-hand side of the chart. We look pretty good against those at the end of 2009 and we expect to continue to manage our business to those numbers. We want to maintain the BBB rating. It's very, very important to us.

Briefly, cash flow at risk: We've talked about this at some length in our conference calls over the years and we talk about it in our SEC documents. We do manage the business with an eye towards how much volatility is inherent in the business from our commodity positions that we have in the natural gas business. There's a small slice of commodity in the oil business and, of course, interest rate risk and so forth. We take a very conservative look at it. When we look at this as a management team we get weekly reporting and monthly we need to review our commodity positions, how they're hedged, who we're hedged with. We'll touch on that in a little bit more detail in a second, but we manage this 7.5% CFaR metric closely and through thick and thin we've been able to manage below the threshold.

Now commodity exposure: There was a good question earlier about how we hedge our position. I want to kind of give a little broader answer to the group here. First off, when we do hedge our commodity positions we're hedging clean. We're not hedging dirty. In other words, we use ethane to hedge ethane. We use propane to hedge propane. We use iso-butane and butanes to hedge those positions. We don't use crude oil to hedge an NGL. We don't use gas to hedge ethane. We don't do that.

The second thing we do is when we do hedge with counter parties they're all high quality, at least A rated. So again, clean hedging, highly rated counter parties. We don't flip on hedges. Some other folks in this space; you saw this at the end of '08; they liquidated hedge positions to get them through a hump of cash need that they might have had. We don't do that. When we enter a hedge the idea is it's a hedge, even though sometimes we don't account for them that way, we account for hedge. If we hedge a position we keep it on. It's very, very rare that we ever flip a hedge off and the reason we would do that is the position is gone or in a case of, say, the marketing operation may be optimizing a storage position, but our basic commodity hedges we don't flip out of those.

In terms of percentage hedging, you see here on the chart; actually, the 2010 number is a little higher than what's represented here; it's closer to 80% or 85%. When one looks at our open commodity positions or our commodity positions, prices all of those commodity positions out at the forward curve and looks at how much we're hedged, we're roughly 80% to 85% hedged for 2010. Then we stair step down from there, roughly 50% the next year, 30%, 20%, 10% is kind of the operating parameters.

In terms of credit exposure, we've got a very high quality portfolio of companies in the Partnership. When you look at the oil business it's very high quality. The gas business you have a little more mix, but anywhere from a AAA type of company down to lesser grades. When we have a lower or a non-investment-grade company we always look for assurance on the credit.

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So that's a quick run through the financial side. The key takeaways, just the Partnership we do view as being just a yield vehicle in the Enbridge family. It's a very attractive, tax deferred yield with modest growth. If you're a high growth investor looking for income then you'd look at Enbridge, Inc. or actually a little bit of both is probably good.

We are going to keep to the same rule book we have for a number of years in terms of financial management. We're not going to change. We're going to be conservative and try to provide our investors with good, stable income and cash flow.

With that, questions on the financial side?

Audience
What do you think about and how do you set a return on vested capital targets for individual projects, different types of projects and individual, specific projects?

Mark Maki, VP, Finance
Each project, David, is looked at from the perspective of risk, so take an example, the oil pipelines will tend to have a lower hurdle rate and so we'll look at the commercial arrangement that's behind it. We'll consider the credit risk associated with the counter parties that are going to actually pay the bills. We'll look at what are the inherent business risks that are there, supply and demand. So we'll set an individual hurdle rate for each individual project and the project, when we model the cash flows out, has to exceed that hurdle rate. The next thing we look at is it has to be accretive to Dcf. If it's not we don't do it unless it's a rare exception where we see there's a very clear and transparent path to making it accretive to our investors.

Audience
(Inaudible.)

Mark Maki, VP, Finance
Sure. With respect to like an oil pipeline project a typical Dcf ROE for that might be 10%, 11%, 12%. It depends on the location. It depends on the contractual structure behind it, but those would tend to be lower. That is if you consider the history we've had on those assets that's in the sweet spot.

On the gas side we're looking for teens, anywhere in the teens range would be a typical hurdle.

Audience
You talked about the hedges a little bit. Just talking to other MLPs they say there is no liquidity if you actually hedge the actual NGL past a couple of months, but you guys seem to have hedges for a couple of years and you say you don't do dirty hedges. If you could just give us a little color on that?

Then separately, the PIK units you guys have outstanding, those are obviously great for credit quality. I was wondering if you would ever issue some more of those. Thank you very much.

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Mark Maki, VP, Finance
We really like EEQ and several of us up here own those units as well. I would say the size that it is in the capital structure right now feels pretty good to us. I would never say never, but the size of that element of our capital structure feels about right. When you think about what you have to deploy in terms of the PIK... over time, you don't want it to become too large in the capital structure. So right now we feel pretty good about where it is.

With respect to the hedging issue, we've had very good success. We've got a good portfolio of companies and banks that we deal with in terms of the hedging. Now, I do recognize and do agree there is some discounting that you realize as you go further out in time, so what we'll tend to do is hedge the heavier elements, the more transparent elements first. So if I show you a hedge position for 2013 or 2014, chances are it's condensate and gas that are hedged, not ethane and not propane. So that's how we would manage it. As time goes on and you get closer in you can start hedging some of the lighter components.

Audience
Mark, you mentioned you want to maintain your credit ratings. Can you speak to why keeping mid BBB is important to EEP versus maybe BBB-?

Mark Maki, VP, Finance
With respect to mid BBB, and maybe Jonathan Rose wants to add to this as well, but certainly, Ross, when we look at what we went through in the credit crisis we were able to finance a big, attractive project; albeit we paid healthy in terms of the interest rate, but we were still able to finance the project. In a difficult period of time BBB will get you there. I'm not sure BBB- will. So that's the reason for trying to maintain that. We just feel better with that handle on our debt than BBB- and certainly not BB.

Audience
Just quickly, you talked about certain debt won't get put to you and you're a little bit rolling over, but what other opportunities looking out six months, a year if the economy and the interest rate environment stays the way it has and inflation doesn't rear its ugly head, to actually refinance some of the higher paying debt that you have issued in the last few years to lower your interest rate and increase cash flow through a refinancing of some debt?

Mark Maki, VP, Finance
The only really high coupon debt that we've issued that we feel, I would say, bad about would be what we had to issue at the end of '08, which was 9.875% on the handle. That's the only tranche of debt that really bothers me.

As far as refinancing it, there are typically ... that make it hard to economically refinance that debt, so that's probably not likely that we'll call that back in.

J.R., do you want to add to that?

Jonathan Rose, Treasurer

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There are options for negotiated tender and we've seen those from other companies in the energy space, in the corporate space, but it's not something that we're currently looking at right now.

Mark Maki, VP, Finance
Okay. Good. I think Steve is going to wrap it.

S. Letwin - Enbridge Energy Partners, L.P. – Managing Director
Well, first of all, I'd like to extend my thanks and recognition of two people as well. Vern Yu, who is here from Calgary and our Vice-President of Investor Relations, along with Risk Management. He's been a great leader for us in terms of the Partnership and working with Douglas Montgomery, who is the other individual. The two of them structured this day along with some help that you probably met coming in, but Vern and Douglas, thank you very much for all of your good work.

I want to thank you, all of you out here, because I guess friendships are tested in times of crisis and trauma. I think it's fair to say we all went through this about a year ago, but you stuck with us. You gave us your support. It wasn't easy. You weren't fair weather friends. You showed that loyalty and support to us and we really appreciate that, so thank you very much.

We are feeling very optimistic. I've said this already. I feel very bullish about what we're going to be able to achieve. We've got some great leadership. You met some of them here today. I'd encourage you to talk to them over lunch if you get a chance. We do have a great general partner. I think all of you know Pat Daniel. I kind of compare Pat to Mike Babcock, the coach of the Detroit Red Wings. He's very competitive. He's very disciplined. He's very successful and he's been great in terms of working with from the partnership level.

Mark talked about the support that we get from the GP. It's phenomenal. They were there for the partnership in a very tough time and they continue to be there, but the partnership has to walk its own path and the partnership has to show its own strength and the partnership has to demonstrate to you that you can do what we say we're going to do. While sustaining the distribution is, I think, critical and we are going to do that, we do have to prove to you that we can grow it and that's why we're here today, to tell you we are going to do that. It won't be easy. It is competitive. A lot of you, I know, are frowning when you look at the acquisition landscape. It's very, very difficult, but we've got a great team. You've met Terry up here. You heard Steve Wuori talk. There's some great organic and acquisition opportunities in front of us.

Thank you for taking the opportunity to come and see us. We do hope you do stay for the lunch. Are there any other final questions before we go to the room next door? Great. Well, thank you very much.