

Part II **Organizational Action** *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See Attachment](#)

18 Can any resulting loss be recognized? ▶ [See Attachment](#)

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See Attachment](#)

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ Signature on file Date ▶ 1/11/2019

Print your name ▶ Anita Sola Title ▶ Vice President

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Enbridge Income Fund Holdings Inc.

Attachment to Form 8937

Date of Organizational Action: November 8, 2018

Part II, Question 14

Enbridge Income Fund Holdings Inc. (“ENF”) (FEIN: None) was a party to an arrangement with Enbridge Inc. (“Enbridge”) (FEIN: 98-0377957) which occurred on November 8, 2018. This arrangement will be treated as a “reorganization” for U.S. federal income tax purposes within the meaning of Internal Revenue Code (“IRC”) Section 368(a).

The effect of this arrangement is such that the shares of ENF not previously held by Enbridge were acquired by Enbridge and shares of ENF are no longer publicly traded. Subsequently, ENF was liquidated into Enbridge.

Each public holder of ENF shares issued and outstanding immediately prior to the effective time of the arrangement received a 0.7350 share of Enbridge common stock plus \$0.45 (CAD) in exchange for each share of ENF surrendered. In lieu of fractional shares of Enbridge common stock, the public holder of ENF shares received the nearest whole number of Enbridge shares for the aggregate number of Enbridge shares issuable to the public holder. Where a fractional interest was 0.5 or greater, the number was rounded up. Where a fractional interest was less than 0.5, the number was rounded down.

The arrangement is described in the Management Information Circular (English) of ENF dated as of October 3, 2018, which was filed on October 10, 2018 and is available at:

<https://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00030867>

A general summary of certain tax considerations applicable to U.S. shareholders of ENF is set forth in the section of the Management Information Circular (English) titled “Certain U.S. Federal Income Tax Considerations”.

Part II, Question 15

Each share of ENF was exchanged for 0.7350 of a share in Enbridge common stock and \$0.45 (CAD). The cash consideration portion is considered to be 1.3867% of the total amount received for each ENF share. Enbridge did not issue any fractional shares of Enbridge common stock in this arrangement. As indicated in the response to Question 14, the number of Enbridge shares received was rounded up or down to the nearest whole number.

A U.S. ENF holder whose ENF shares are exchanged for Enbridge common stock and cash generally will recognize gain (but not loss) in an amount equal to the lesser of (i) the amount by which the sum of the

fair market value of the Enbridge shares plus cash received by such holder exceeds such holder's tax basis in the holder's ENF shares, and (ii) the amount of cash received by such holder.

Shareholders should review the Management Information Circular and consult with their own tax advisors regarding the tax consequences of the Arrangement.

Part II, Question 16

Enbridge's equity valuation, based on the closing price of Enbridge common stock on the last day of trading immediately prior to the Certificate of Arrangement issued November 8, 2018, was \$43.54 (CAD).

Generally, a U.S. holder will have an aggregate adjusted tax basis in the shares of Enbridge common stock received in the arrangement equal to the holder's adjusted tax basis in the ENF shares surrendered minus cash received plus the gain recognized.

Shareholders should consult with their own tax advisors to determine whether they are required to recognize any gain and what measure of fair market value is appropriate.

Part II, Question 17

The arrangement will be treated as a "reorganization" for U.S. federal income tax purposes within the meaning of IRC Section 368(a). Additionally, the arrangement should not result in gain being recognized pursuant to IRC Section 367(a)(1) by persons who are stockholders of ENF immediately prior to the effective time of the arrangement (other than to the extent provided by the formula in the response to Question 15).

Effect on Shareholders:

- A. IRC Section 354(a)(1) – Exchanges of stock and securities in certain reorganizations
- B. IRC Section 302 – Distributions in redemption of stock (See also Revenue Ruling 66-365)
- C. IRC Section 358 – Basis to distributees
- D. IRC Section 1001 – Determination of amount of and recognition of gain or loss
- E. IRC Section 1221 – Capital asset defined
- F. IRC Section 1222 – Other terms relating to capital gains and losses
- G. IRC Section 1223 – Holding period of property

Effect on Corporation:

- A. IRC Section 361(a) – Nonrecognition of gain or loss to corporations

Part II, Question 18

If the arrangement is respected as a “reorganization” within the meaning of Section 368(a) of the Code, a U.S. holder will not recognize any gain or loss as a result of the receipt of shares of Enbridge common stock in the arrangement except for any gain recognized with respect to cash received (as per the formula in Question 15).

A U.S. holder’s holding period for the shares of Enbridge common stock received in the arrangement will include the U.S. holder’s holding period for the ENF shares surrendered.

Part II, Question 19

The stock basis adjustment and any gain or loss will be taken into account in the tax year of the shareholder during which the exchange occurred. This will be 2018 for calendar year taxpayers.

Individual taxpayers may be required to file Form 8949, *Sales and Other Dispositions of Capital Assets*, with their tax return.

For additional information please refer to the full text of the Arrangement Agreement, which is included as Appendix C in the Management Information Circular (English) dated October 3, 2018 filed by ENF with the Canadian Securities Administrators (“CSA”) on October 10, 2018.

This information does not constitute tax advice, nor does it purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Shareholders are urged to consult their own legal, financial or tax advisor with respect to their individual tax consequences relating to this organizational action.