

FIRST QUARTER



ENBRIDGE INCOME FUND | INTERIM REPORT TO UNITHOLDERS
for the three months ended March 31, 2010



ENBRIDGE INCOME FUND

NEWS RELEASE

Enbridge Income Fund Announces First Quarter Results

Highlights

- First quarter earnings totaled \$3.6 million or \$0.10 per unit
- First quarter cash available for distribution increased to \$24.0 million
- Regulatory approval received for Saskatchewan Ministry of Energy & Resources regulated components of the Phase II Saskatchewan System Capacity Expansion
- Proposed Restructuring approved by the ECT Board of Trustees; subject to unitholder approval

Calgary, Alberta, May 3, 2010 - Enbridge Income Fund (the Fund) announced today earnings of \$3.6 million, or \$0.10 per unit, for the three months ended March 31, 2010. Earnings for the three-month period ending March 31, 2009 were \$3.3 million or \$0.10 per unit. Cash available for distribution for the months ended March 31, 2010 was \$24.0 million, an increase of \$1.5 million from the corresponding three-month period of 2009. For the three-month period ended March 31, 2010, cash available for distribution has increased from the prior period primarily due to higher distributions received from the Green Power segment which has experienced improved operational performance in the first quarter of 2010 compared with the corresponding prior period.

"The Fund's consistent, solid performance in the first quarter of 2010 is a reflection of the Fund's value proposition which emphasizes the generation of reliable cash flow from long-lived, strategically located energy infrastructure and low-risk organic growth," said Jim Schultz, President of Enbridge Management Services Inc., the Administrator of the Fund.

"In the Fund's crude oil and liquids transportation business, the Saskatchewan System's proximity to the significant opportunities of the Bakken Formation continue to drive organic growth. In the first quarter, the Fund made further progress on Phase II of the Saskatchewan System Capacity Expansion, which includes three separate projects to address capacity constraints at a variety of locations. Subject to receipt of National Energy Board (NEB) regulatory approvals, construction is expected to begin in the second quarter of 2010 on the remaining components of the project. All three projects are currently targeted to be complete in the fourth quarter of 2010," said Mr. Schultz.

"The Fund's natural gas transportation business also saw progress in its organic growth strategy during the first quarter of 2010 with Alliance Canada receiving regulatory approval for two new receipt point interconnections in northeast British Columbia," noted Mr. Schultz. "As shale gas production out of northeastern British Columbia ramps up, we anticipate continued growth in demand for services like these which offer customers more choice and flexibility at attractive tolls."

Mr. Schultz noted that today's annual unitholder meeting will be a significant one for the Fund.

"Later today, unitholders will be asked to approve a plan of arrangement for the restructuring of the Fund. In March, the Board approved the proposed restructuring and recommended that unitholders vote in

favour. We look forward to discussion and consideration of the proposal at today's meeting," said Mr. Schultz.

During the three months ended March 31, 2010, the Fund declared monthly cash distributions of \$0.096 per unit, and distributions in the same amount per unit were declared on the Enbridge Commercial Trust (ECT) preferred units. Cash distributions paid to trust unitholders for the three months ended March 31, 2010 were \$10.0 million (2009 - \$9.7 million). Based on current operations, the Fund estimates that approximately 80% of cash to be distributed in 2010 will be included in the income of unitholders for income tax purposes. The remaining 20% of cash to be distributed to unitholders represents a non-taxable return of capital.

On June 21, 2004, the Fund announced the commencement of a Distribution Reinvestment and Unit Purchase Plan (the Plan). Participants may elect, without brokerage fees, to automatically reinvest monthly distributions in additional units of the Fund, and may make optional cash payments of up to \$1,000 per month (subject to a minimum of \$100 per month) to purchase additional units of the Fund. Details of the Plan are available on the Fund's website. Investors should contact their respective investment dealer to enroll.

**Enbridge Income Fund
Management's Discussion & Analysis
For the three months ended March 31, 2010**

This management's discussion and analysis (MD&A) dated May 3, 2010 should be read in conjunction with the unaudited interim consolidated financial statements of Enbridge Income Fund (the Fund) as at and for the three months ended March 31, 2010 and the audited financial statements and MD&A contained in the Fund's Annual Report for the year ended December 31, 2009. Unless otherwise noted, all financial information is presented in Canadian dollars and financial information pertaining to Alliance Canada and Green Power reflects the Fund's proportionate share of the entities within these segments. Additional information related to the Fund, including the Fund's Annual Information Form, is filed on SEDAR at www.sedar.com.

CONSOLIDATED EARNINGS

	Three months ended	
	March 31,	
<i>(millions of Canadian dollars)</i>	2010	2009
Alliance Canada	14.5	14.5
Saskatchewan System	4.9	4.2
Green Power	0.9	1.8
Corporate	(16.7)	(17.2)
Earnings	3.6	3.3

On the strength of its diversified operating segments and organic growth expansions completed in recent years, the Fund continues to deliver stable operating results, recording earnings of \$3.6 million in the first quarter of 2010. Earnings for the three months ended March 31, 2010 increased \$0.3 million compared with the first quarter of 2009. This increase reflects higher earnings contribution from the Saskatchewan System's Weyburn System and decreased Corporate costs, partially offset by lower earnings in the Green Power segment. The Weyburn System's increased earnings in the first quarter of 2010 primarily reflect the positive impact of higher oil prices on the sale and revaluation of allowance oil inventory compared with the first three months of 2009. The reduction in Corporate segment costs relates to lower income tax expense in the first quarter of 2010.

Green Power earnings for the three months ended March 31, 2009 included an unrealized non-cash derivative gain of \$1.0 million related to derivative instruments used to fix the price of power on one of the Fund's wind power projects that has not been designated as a hedge for accounting purposes. In the fourth quarter of 2009, the Fund entered into an offsetting power swap with terms similar to the original swap not previously designated as a hedge which has served to reduce earnings volatility related to non-qualifying derivative instruments in the current period. After removing the impact of the unrealized gain from the prior period's earnings, Green Power first quarter earnings have increased by \$0.1 million in the current period.

FORWARD LOOKING INFORMATION

In the interest of providing the Fund's unitholders and potential investors with information about the Fund and its subsidiaries and joint ventures, including management's assessment of the Fund, its subsidiaries' and joint ventures' future plans and operations, certain information provided in this MD&A constitutes forward-looking statements or information (collectively, "forward-looking statements"). This information may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe" and similar words suggesting future outcomes or statements regarding an outlook. In particular, forward-

looking statements included or incorporated by reference in this document include, but are not limited to, statements with respect to:

- expected costs related to projects under construction;
- expected scope and in-service dates for projects under construction;
- expected capital expenditures;
- expected future levels of demand for the Fund's services;
- expected future earnings and cash flows;
- expected future actions of the regulators;
- expected future corporate restructuring;
- expected future distributions to unitholders and the taxability thereof; and
- expected cash available for distribution.

Although the Fund believes that these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Material assumptions include assumptions about: the expected supply and demand of crude oil, natural gas and natural gas liquids; prices of crude oil, natural gas and natural gas liquids; expected exchange rates; inflation; interest rates; the availability and price of labour and pipeline construction materials; operational reliability; customer projects approval; maintenance of support and regulatory approval for the Fund's projects; anticipated in-service dates; and, weather. Assumptions regarding the expected supply and demand of crude oil, natural gas and natural gas liquids, and the prices of these commodities, are material to and underlie all forward-looking statements. These factors are relevant to all forward-looking statements as they may impact current and future levels of demand for the Fund's services. Similarly, exchange rates, inflation and interest rates impact the economies and business environments in which the Fund operates, may impact levels of demand for the Fund's services and costs of inputs, and are therefore inherent in all forward-looking statements. Due to the interdependencies and correlation of these macroeconomic factors, the impact of any one assumption on a forward-looking statement cannot be determined with certainty, particularly with respect to expected earnings and associated per unit amounts, or estimated future distributions. The most relevant assumptions associated with forward-looking statements on projects under construction, including estimated in-service dates, and expected capital expenditures include: the availability and price of labour and pipeline construction materials; the effects of inflation on labour and material costs; the effects of interest rates on borrowing costs; and the impact of weather and customer and regulatory approvals on construction schedules.

The Fund's forward-looking statements are subject to risks and uncertainties pertaining to operating performance, regulatory parameters, project approval and support, weather, economic and competitive conditions, exchange rates, commodity prices and supply and demand for commodities, including but not limited to those risks and uncertainties discussed in this MD&A and in the Fund's other filings with Canadian securities regulators. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent and the Fund's future course of action depends on management's assessment of all information available at the relevant time. Except to the extent required by law, the Fund assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A or otherwise, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Fund or persons acting on the Fund's behalf, are expressly qualified in their entirety by these cautionary statements.

NON-GAAP MEASURES

This MD&A contains references to cash available for distribution. Cash available for distribution represents cash available to fund distributions on trust units and Enbridge Commercial Trust (ECT) preferred units, as well as for debt repayments and reserves. This measure is important to unitholders as the Fund's objective is to provide a predictable flow of distributable cash to unitholders. Please refer to

the Cash Available for Distribution reconciliation on page 7. Cash available for distribution is not a measure that has standardized meaning prescribed by Canadian Generally Accepted Accounting Principles (Canadian GAAP) and is not considered a Canadian GAAP measure. Therefore, this measure may not be comparable with similar measures presented by other issuers.

FUND DESCRIPTION AND OBJECTIVE

The Fund is an unincorporated open-ended trust established by a trust indenture under the laws of the Province of Alberta. The Fund is administered by Enbridge Management Services Inc. (EMSI or Manager or Administrator), a wholly owned subsidiary of Enbridge Inc. (Enbridge). The Fund owns the Saskatchewan System, a 50% interest in Alliance Pipeline Limited Partnership (Alliance Canada), as well as a 50% interest in NRGreen Power Limited Partnership (NRGreen) and interests in three wind power projects in Western Canada (collectively referred to as Green Power).

The Fund's objective is to provide a predictable flow of distributable cash through investment in energy infrastructure and to increase, where prudent, cash distributions per unit.

ALLIANCE CANADA		
	Three months ended	
	March 31,	
<i>(millions of Canadian dollars)</i>	2010	2009
Revenues	56.1	54.0
Earnings	14.5	14.5

The Alliance System is a 3,000 kilometre (km) pipeline system designed to transport 1,325 million cubic feet per day (mmcf/d) of natural gas from Northeastern British Columbia and Northwestern Alberta to the Chicago, Illinois area. The Fund owns 50% of Alliance Canada, which is the Canadian portion of the Alliance System and consists of approximately 1,560 km of the Alliance System's mainline beginning near Gordondale, Alberta and connecting to Alliance US at the Canada/United States border at Carnduff, Saskatchewan. Alliance Canada also includes the Alliance System's lateral pipelines in Alberta and British Columbia and related facilities.

Alliance Canada has transportation service agreements (TSAs) with its shippers for nearly 100% of its available firm transportation capacity. Alliance Canada's TSAs are designed to provide toll revenues sufficient to recover prudently incurred costs of service, including operating and maintenance, depreciation, an allowance for income tax, costs of indebtedness and an allowed return on equity of 11.26% after tax, based on a deemed 70/30 debt/equity ratio. The initial term of these agreements expire in 2015 except for 1.5% of contracted capacity which expired in March 2010 and is currently being remarketed.

Alliance Canada revenues of \$56.1 million for the three months ended March 31, 2010 are \$2.1 million higher than revenues for the first three months of 2009. The increase in 2010 firm transportation tolls from \$0.863 per million cubic feet (mcf) to \$0.894/mcf effective January 1, 2010 is the source of the revenue increase. Under a cost of service model, within which Alliance Canada operates, increased operating costs result in higher revenues. Operating and maintenance costs for the three months ended March 31, 2010 are higher than the corresponding prior period due to increased pipeline integrity activities, including a river crossing remediation, as well as higher staffing, equipment repair and maintenance costs.

Alliance Canada earnings for the three months ended March 31, 2010 remained consistent with earnings for the first quarter of 2009. This is the result of offsetting factors as a lower return on equity resulting from Alliance Canada's depreciating investment base is offset by an increase in the allowance for deemed income taxes. The rate used to calculate the equity return is not expected to change; however, the investment base upon which the equity return is calculated will change over time due to depreciation. The increase in the allowance for deemed income taxes is primarily due to lower capital cost allowance deductions.

SASKATCHEWAN SYSTEM		
	Three months ended	
	March 31,	
<i>(millions of Canadian dollars)</i>	2010	2009
Revenues	18.6	17.2
Earnings	4.9	4.2

The Saskatchewan System includes four crude oil and liquids pipeline systems: Saskatchewan Gathering, Westspur, Weyburn and Virden pipeline systems. Together, these systems include approximately 356 km of trunk line and 1,900 km of gathering pipeline with capacities ranging from 37,000 barrels per day (bpd) to 255,000 bpd.

The Saskatchewan Gathering System and the Westspur System tolling agreements are designed to provide toll revenues sufficient to recover operating costs, depreciation, deemed interest expense, deemed income tax, a return on rate base and an administrative expense allowance. The rate used to calculate the equity return is not expected to change. However, the rate base upon which the equity return is calculated will change over time due to depreciation as well as maintenance and enhancement capital additions and expansions. Tolls on the Weyburn and Virden systems are based on historical precedence and agreements with customers, or both, and are updated to reflect changes in market conditions when warranted. As a result, earnings from the Weyburn and Virden systems reflect toll revenue less costs incurred.

Revenues for the three months ended March 31, 2010 have increased by \$1.4 million from the three month-period ended March 31, 2009. Revenues across all four pipelines comprising the Saskatchewan System have increased from the prior year comparative period. For the Saskatchewan Gathering and Westspur Systems, revenues reflect the cost of service recovery, whereby an increase in costs results in increased revenue. Increased capital expenditures and operating costs, which drive revenue growth, have resulted from system growth and customer connections. Revenues on the Weyburn System for the three months ended March 31, 2010 were impacted positively by the effect of higher oil prices on the sale and revaluation of allowance oil inventory compared with the prior year comparative period.

Saskatchewan System earnings have increased \$0.7 million for the three month-period ended March 31, 2010 compared with the same three-month period of 2009. The majority of the growth in earnings relates to the Weyburn System, which benefited from higher oil prices during the current quarter on both the sale and revaluation of allowance oil inventory.

GREEN POWER

	Three months ended	
	March 31,	
<i>(millions of Canadian dollars)</i>	2010	2009
Revenues	2.6	3.5
Earnings	0.9	1.8

Green Power includes the Fund's interest in three wind power projects including a 50% interest in the SunBridge project in Saskatchewan and a 33% interest in each of the Magrath and Chin Chute projects in Southern Alberta. Collectively referred to as Wind Power, the three wind power projects can generate a total of 71 megawatts (MW) of electricity. Electricity produced by the wind power projects is sold under long-term power purchase agreements. Green Power also includes the Fund's 50% interest in NRGreen, which operates four non-regulated waste heat recovery facilities along the Alliance Pipeline. These facilities harness waste heat produced by gas turbines at Alliance Canada's compressor stations and convert it to electrical energy, which is then sold under long-term power purchase agreements.

Revenues for the three months ended March 31, 2010 have decreased by \$0.9 million from the prior year comparative three-month period. Included in prior period revenues is an unrealized non-cash derivative gain of \$1.0 million whereas no similar gain occurred in the first quarter of 2010. The prior period unrealized non-cash derivative gain resulted from derivative instruments that have been utilized to fix the price of power on one of the wind power projects, but had not been designated as a hedge for accounting purposes. In the fourth quarter of 2009, the Fund entered into an offsetting power swap with terms similar to the original swap not previously designated as a hedge which has served to reduce earnings volatility related to non-qualifying derivative instruments in the current period.

After removing the impact of the unrealized non-cash derivative gain from the prior period, revenues for the three months ended March 31, 2010 have increased by \$0.1 million. This increase reflects higher revenues at NRGreen offset by lower revenues from the Fund's wind power projects. Although some unscheduled outages occurred in the first quarter of 2010, NRGreen's facilities experienced greater operational availability compared with the first quarter of 2009. During the first quarter of 2009, NRGreen experienced unscheduled outages at all four of the NRGreen waste heat facilities due to extremely cold weather in Saskatchewan. As a result of the unscheduled outages in the first quarter of 2009 a winterization project was undertaken to address these weather-related operational issues. Decreased revenues from the wind power projects in the first quarter of 2010 compared with the first quarter of 2009 primarily results from a lower wind resource that has impacted wind projects across North America, the effect of which is lower electricity production period-over-period.

The \$0.9 million decrease in revenues described above has also resulted in a corresponding decrease in current year earnings from the comparative three-month period.

CORPORATE

	Three months ended	
	March 31,	
<i>(millions of Canadian dollars)</i>	2010	2009
Total costs	(16.7)	(17.2)

Corporate costs include distributions paid to the preferred unitholder of ECT, a subsidiary of the Fund, as well as corporate financing costs, incentive fees, current and future income taxes and management and administrative costs.

Corporate costs were \$16.7 million for the three months ended March 31, 2010 compared with \$17.2 million for the three months ended March 31, 2009. The decrease in Corporate costs primarily results

from lower income tax expense in the first quarter of the current year due to higher interest deductions of subsidiaries arising from intercorporate debt.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2010, the Fund had \$70.0 million of available undrawn capacity on its total committed standby credit facilities of \$300.0 million, exclusive of non-recourse credit facilities secured by its operating affiliates. The Fund maintains a current shelf prospectus with the Canadian securities regulator, which enables ready access to Canadian public capital markets, subject to market conditions. Cash from operations in combination with the available committed standby credit facilities and planned debt capital markets funding is expected to be sufficient to meet the forecast liquidity and capital resource requirements of the Fund.

In March 2010, Alliance Canada cancelled the 365 day unsecured operating facility that allowed Alliance Canada to borrow up to US\$20 million from Alliance Pipeline L.P., an affiliated entity. No amounts were ever drawn on this facility.

The Fund's cash balance at March 31, 2010 of \$38.6 million included \$34.2 million held in trust by Alliance Canada, pursuant to finance arrangements within Alliance Canada.

Operating Activities

Cash provided by operating activities for the three months ended March 31, 2010 was \$23.6 million, a decrease of \$12.9 million from the prior period. This variance is primarily the result of changes in operating assets and liabilities.

Investing Activities

Cash used for investing activities of \$13.5 million for the three months ended March 31, 2010 is \$9.5 million higher than the prior year comparative period. The majority of cash used for investing activities in the three-month period ending March 31, 2010 relates to construction activities on the Saskatchewan System Phase II Expansion. Enhancement projects are also underway at Alliance Canada and NRGreen, with expenditures in these segments focusing on head office leasehold improvements and completion costs relating to the NRGreen winterization project, respectively.

Financing Activities

Financing activities for the three months ended March 31, 2010 included monthly distributions to trust unitholders and changes in outstanding indebtedness under credit facilities. Cash provided by financing activities has increased by \$38.0 million to \$10.9 million for the three months ended March 31, 2010. During the first quarter of 2010, the Fund had net drawings of \$21.2 million on its credit facilities and repaid \$0.3 million on its non-recourse credit facilities. In the first quarter of 2009, the Fund made net repayments of \$10.5 million and \$6.9 million on its credit facilities and non-recourse credit facilities, respectively. Drawings on the Fund's credit facilities during the three months ended March 31, 2010 were used primarily to fund the Saskatchewan System Phase II expansion.

CASH AVAILABLE FOR DISTRIBUTION

	Three months ended	
	March 31,	
<i>(millions of Canadian dollars)</i>	2010	2009
Cash Provided by Operating Activities	23.6	36.5
Add/(Deduct):		
ECT preferred unit distributions ²	11.0	11.0
Alliance Canada maintenance capital expenditures ³	(0.6)	(0.5)
Alliance Canada other cash retained ⁴	(10.7)	(11.1)
Green Power cash retained ⁴	(0.3)	(0.5)
Saskatchewan System maintenance capital expenditures ³	(1.0)	(0.4)
Change in operating assets and liabilities in the period ⁵	2.0	(12.5)
Cash Available for Distribution¹	24.0	22.5
Cash Available for Distribution is comprised of the following:		
Alliance Canada distributions	18.0	17.9
Saskatchewan System operating income before depreciation, amortization and accretion	10.0	9.1
Saskatchewan System maintenance capital expenditures	(1.0)	(0.4)
Green Power distributions	1.7	0.9
Corporate management and administrative expense	(2.3)	(2.3)
Corporate other income	-	0.1
Corporate interest expense	(2.5)	(2.7)
Corporate current taxes	0.1	(0.1)
Cash Available for Distribution¹	24.0	22.5
ECT Preferred Unit Distributions Declared	10.95	10.95
Trust Unit Distributions Declared	9.97	9.97
Cash Distributions Declared	20.92	20.92

¹ See Non-GAAP Measures on page 2.

² The cash available for distribution above is compared with total distributions, including ECT preferred unit distributions. Since ECT preferred units are treated as debt under Canadian GAAP with distributions deducted from earnings, the ECT preferred unit distributions have been added back to the cash provided from operating activities.

³ Maintenance capital expenditures reduce cash available for distribution since these expenditures are funded through cash from operations.

⁴ The cash retained or distributed by Alliance Canada and Green Power reflects the cash from operations of these segments that has not been distributed to the Fund or distributions in excess of cash earnings in the period. While this cash from operations is proportionately consolidated and included in the Fund's cash provided by operating activities, it is not available for distribution by the Fund until it has been received from Alliance Canada and the Green Power segment. Cash retained by Alliance Canada and Green Power includes debt service reserves, capital expenditures and other cash needed to fund working capital or other requirements of these segments.

⁵ Change in operating assets and liabilities in the period reflect changes in non-cash working capital related to operating activities. The change has been added back to cash available for distribution since fluctuations in working capital are expected each period and are not indicative of changes in cash available to be distributed.

As set out in the above table, cash available for distribution consists of operating cash flow from the Fund's underlying businesses less deductions for maintenance capital expenditures, the Fund's administrative and operating expenses, corporate segment interest expense, applicable taxes and other reserves determined by the Manager.

The above calculations of cash available for distribution represent cash available to fund distributions on trust units and ECT preferred units, as well as for debt repayments and reserves.

For the three months ended March 31, 2010, cash distributions declared represented 87.2% of cash available for distribution compared with the ratio of distributions declared to cash available for distribution of 93.0% for the corresponding prior period.

ANALYSIS OF CASH DISTRIBUTIONS DECLARED

<i>(millions of Canadian dollars)</i>	Three months ended	
	2010	March 31, 2009
Cash Provided by Operating Activities	23.6	36.5
Earnings	3.6	3.3
Trust Unit Cash Distributions Declared ¹	10.0	10.0
Excess of cash provided by operating activities over cash distributions declared	13.6	26.5
Shortfall of earnings over cash distributions declared	(6.4)	(6.7)

¹ ECT Preferred Unit Distributions have been excluded from this reconciliation since these distributions are reductions to earnings under GAAP.

For the three months ended March 31, 2010, cash flows provided by operating activities in the period exceeded cash distributions paid to trust unitholders by \$13.6 million (2009 - \$26.5 million). This excess represented cash reserved for debt repayments, working capital requirements and maintenance capital expenditures, as well as cash retained by joint ventures.

Earnings were \$6.4 million lower than cash distributions to trust unitholders for the three months ended March 31, 2010. An excess of distributions over earnings is expected to continue in the future and partly represents a return of capital to unitholders (including ECT Preferred Unitholders.) Under Canadian GAAP, earnings reflect non-cash items such as amortization of deferred financing costs and depreciation as well as changes in future income taxes due to tax rate changes, all of which do not impact cash flow. Depreciation does not necessarily represent the cost of maintaining productive capacity; therefore, cash required for maintenance may be lower than depreciation expense.

RECENT DEVELOPMENTS AND OUTLOOK

Proposed Restructuring

In March 2010, the Fund announced that the ECT Board of Trustees, which oversees the governance of the Fund, approved a plan of arrangement for restructuring the Fund and recommends that unitholders approve the plan of arrangement at the Fund's annual meeting on May 3, 2010. The Board's approval came after a committee of independent ECT Trustees and advisors reviewed the plan of arrangement that was proposed initially in November 2009 by EMSI, the Fund's Administrator. The proposed restructuring under the plan of arrangement involves an exchange by public unitholders of their trust units, which collectively represent a 28% economic interest in the Fund, as well as a portion of the Enbridge interest in the Fund, on a one for one basis for shares of a taxable Canadian corporation called Enbridge Income Fund Holdings Inc. (EIFH). As a result of this review process the initial proposal's inclusion of a small one-time cash payment to unitholders on exchange of their Fund units was eliminated.

The proposed restructuring would be subject to approval by unitholders and regulators, as applicable. If approved, the plan of arrangement would take effect prior to the end of 2010, thus avoiding the effect of the January 1, 2011 implementation of tax legislation impacting specified investment flow-through (SIFT) entities. Under the plan of arrangement approved by the ECT Board of Trustees, the Fund would cease to be a SIFT and would not be subject to the SIFT tax under the proposed restructuring.

Saskatchewan System Capacity Expansion

Phase II of the Saskatchewan System Capacity Expansion includes three separate projects that will address capacity constraints at a variety of locations. The Benson Expansion project on the Saskatchewan Gathering System includes terminal modifications, pump upgrades and installation of new pipe. The Bryant to Steelman Expansion project on the Westspur System involves installation of new crude oil pipe, and station and terminal upgrades. Lastly, the Steelman Crude/NGL Conversion project involves the conversion of an existing NGL line to crude oil on the Westspur System, and a new NGL pipeline and pump station on the Saskatchewan Gathering System, as well as the conversion of an existing crude oil line to relocate NGLs from the BP Steelman Gas Plant to the NGL line at Alida, Saskatchewan. Collectively, the projects are expected to increase crude oil capacity across the system by approximately 125,000 bpd at a cost of approximately \$120.0 million.

At March 31, 2010, capital expenditures of approximately \$28.0 million have been incurred on the Phase II Expansion. Regulatory approvals have been received for the Saskatchewan Ministry of Energy & Resources regulated project components, and applications for the National Energy Board (NEB) regulated project components have been filed and a response is expected to be received shortly. Subject to receipt of NEB regulatory approvals, construction is expected to begin in the second quarter of 2010 on the remaining components of the project. All three projects comprising the Saskatchewan System Phase II Expansion are currently targeted to be complete in the fourth quarter of 2010.

Virден Pipeline Crude Oil Release

On April 1, 2010, the Fund was notified of a minor crude oil release on a six-inch gathering segment of the Saskatchewan System's Virден pipeline. The pipeline was immediately shut down and emergency response crews were dispatched to the area. The crude oil release has been contained and the pipeline remains shut down while remediation of the site is in progress. The Fund expects clean-up costs associated with this incident to be recoverable through insurance, net of standard deductible amounts. The shutdown of the six-inch gathering segment has no material impact on earnings and the impacted shipper may truck volumes to the Virден terminal at Cromer, Manitoba during remediation of the pipeline.

Alliance Canada Gathering Receipt Service

In 2009, Alliance Canada signed agreements with prospective shippers for three new receipt point interconnections, two in northeast British Columbia and one in northwest Alberta, which will allow for initial gathering receipt capacity of 42 mmcf/d. During the first quarter of 2010, Alliance Canada received NEB approval for the two new receipt point interconnections in northeast British Columbia. In March 2010 construction commenced on these two interconnection sites, one of which is now complete and ready for service, the other remains under construction. The first receipt of gas at the completed site is not anticipated until the third quarter of 2010, when the interconnecting pipeline is expected to be complete. Construction on the third receipt point, located in northwest Alberta, commenced in April 2010.

Business Development Activities

Subsequent to March 31, 2010, the ECT Trustees authorized EMSI, in its capacity as Manager of the Fund, to explore growth opportunities related to further development of the Fund's Saskatchewan infrastructure to accommodate expanding production from the Bakken resource play and incur early stage business development costs on behalf of the Fund up to but not exceeding \$7.2 million. In this regard, the ECT Independent Trustees approved the acquisition by the Fund from an affiliate of Enbridge of a related development opportunity at its cost of approximately \$4.3 million.

CRITICAL ACCOUNTING ESTIMATES

Asset Retirement Obligations

In 2009, the NEB released a report on the financial issues associated with pipeline abandonment and established a goal for pipelines regulated under the NEB Act, as required, to begin setting aside funds for abandonment no later than the end of May 2014. In March 2010 the NEB issued a report revising certain 'base case assumptions' and, as such, large pipeline companies, including Alliance Canada, are required to file abandonment cost estimates by May 2011. The NEB is requiring that large pipeline companies, including Alliance Canada, file a proposed process for collecting and setting aside the funds for

abandonment by May 2012. Both of the required submissions will need NEB approval and will result in increases to transportation tolls, the amount of which is uncertain at this time. Currently, the Fund does not have an asset retirement obligation recorded on the consolidated financial statements for Alliance Canada and certain other assets due to the indeterminate timing and scope of asset retirements. However, should the NEB action plan result in a reasonable estimate of asset retirement obligations for accounting purposes, financial statement recognition of these amounts may be made in future periods.

FUTURE ACCOUNTING POLICY CHANGES

International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board (AcSB) confirmed in February 2008 that publicly accountable entities will be required to adopt IFRS for interim and annual financial statements beginning on January 1, 2011, including comparative financial statements for 2010.

Enbridge, whose IFRS conversion project includes the Fund, has prepared for IFRS conversion by preparing IFRS compliant accounting policies, drafting model IFRS financial disclosures, identifying accounting differences, developing and implementing systems solutions and process changes that support the preparation of 2010 comparative data as well as a sustainable conversion to IFRS in 2011.

Accounting and Reporting

To date, Enbridge has completed detailed IFRS compliant accounting policies for the Fund. The IFRS compliant accounting policies differ in some regards from current accounting policies used by the Fund. The most significant differences are expected to impact the following areas:

- property, plant and equipment
- decommissioning liabilities (asset retirement obligations)
- impairments

The International Accounting Standards Board's (IASB) project on Rate Regulated Activities is being carefully monitored for its impact on the Fund. The IASB's exposure draft on Rate Regulated Activities, published in July 2009, would allow the Fund to continue to apply rate regulated accounting with some changes. It is not possible to determine with certainty the extent of the changes to the Fund's accounting for rate regulated activities until the final standard is published. While the IASB's Rate Regulated Activities project has been delayed, it is expected that the IASB will provide indication of its intended direction on this topic during the second quarter of 2010.

IFRS 1 is the standard which governs the adoption of IFRS. The Fund has selected IFRS 1 elective exemptions which are practical and provide the most relevant presentation on conversion to IFRS. The primary result of the exemptions selected is to apply certain IFRS differences prospectively, minimizing adjustments to the IFRS opening balance sheet. The IASB is expected to issue an IFRS 1 exemption which would allow the Fund to use the carrying amount of rate regulated property, plant and equipment, as calculated under Canadian GAAP, as the deemed cost for IFRS on the date of adoption. This would reduce changes to property, plant and equipment on adoption and, if it's available, the Fund expects to use this exemption. Model financial statement disclosures under IFRS are in the process of being developed for the Fund.

Quantitative Impacts

The Fund uses rate regulated accounting, in accordance with Canadian GAAP, for a significant portion of its business activities. Until the IASB determines how rate regulated activities should be accounted for under IFRS, there is no way to determine the quantitative impacts of adopting IFRS.

Information Systems and Business Processes

In January 2010, changes were implemented to information systems and processes which ensure that data needed for IFRS reporting of 2010 financial information for comparative purposes is gathered. Enbridge has also developed processes to derive the Fund's 2010 IFRS opening balance sheet under IFRS and is building processes and systems solutions to create 2010 IFRS compliant quarterly financial information for comparative purposes.

Enbridge has determined the systems solutions which will be implemented in 2011 to support and sustain IFRS changes after conversion. Process changes needed to sustain IFRS conversion starting in 2011 have been identified, and process design and training is expected to be completed during 2010. Related impacts to internal controls over financial reporting and disclosure controls and procedures are expected to be identified during 2010.

Training and Communication

Enbridge has a comprehensive plan to train internal personnel who will be impacted by the conversion to IFRS. Training started during 2009 and will continue throughout 2010. An external communication plan is also being developed, and will vary depending on the nature and magnitude of changes to the financial statements expected under IFRS.

Business Activities

The effects of IFRS conversion on the Fund's debt covenants and hedging activities have been reviewed. It is not expected that the conversion to IFRS will significantly impact these activities or requirements.

The expected timing of key activities identified above may change prior to the IFRS conversion date due to changes in regulation, economic conditions or other factors, and the issuance of new accounting standards or amendments to existing accounting standards, including and in addition to those noted above.

SELECTED QUARTERLY FINANCIAL INFORMATION

<i>(millions of Canadian dollars, except per unit amounts)</i>	2010		2009			2008		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	77.3	83.4	79.4	77.3	74.7	83.7	72.2	72.4
Earnings	3.6	3.6	2.7	3.4	3.3	4.8	4.9	4.6
Earnings Per Unit (basic and diluted)	0.10	0.10	0.08	0.10	0.10	0.14	0.14	0.13
Cash Distributions Declared ¹	20.9	20.9	20.9	20.9	20.9	18.7	18.7	20.1

¹ Cash distributions declared on Trust units and ECT preferred units.

Significant items that have impacted quarterly financial information are as follows:

- Fourth quarter revenues from the Fund's regulated entities, including Alliance Canada, the Westspur System and the Saskatchewan Gathering System, are typically higher than other quarters due to higher cost of service recoveries. The maintenance schedule of both Alliance Canada and the Saskatchewan System has some seasonal variance which generally results in more maintenance projects being undertaken in the latter half of the year.
- Increased cash distributions declared in 2009 reflected an increase in the monthly distribution from \$0.086 per unit to \$0.096 per unit. This increase in the distribution resulted in higher ECT preferred unit distributions and incentive fees thereby reducing earnings in 2009.
- In the second quarter of 2008 monthly distributions on the Fund's trust units and the ECT preferred units were increased from \$0.08 per unit to \$0.086 per unit, effective with the distributions payable to unitholders of record on May 31, 2008. A special distribution of \$0.024 per unit was also paid to unitholders of record on May 31, 2008.

SUPPLEMENTARY INFORMATION

Outstanding Unit Data	<u>Number of Units Outstanding</u>
Trust Units	34,625,000
ECT Preferred Units	38,023,750

Outstanding unit data information is provided as at May 3, 2010.

SELECTED OPERATING AND FINANCIAL HIGHLIGHTS¹

	Three months ended	
	March 31,	
<i>(millions of Canadian dollars, except where otherwise noted)</i>	2010	2009
Average Daily Throughput Volume		
Alliance Canada ² (millions of cubic feet per day)	1,680.0	1,690.0
Saskatchewan System ³ (thousands of barrels per day)		
Westspur System	193.2	199.7
Saskatchewan Gathering System	132.7	137.6
Weyburn System	35.0	35.1
Virden System	19.2	19.3
Green Power ² (thousands of megawatt hours produced)	95.8	96.2
Earnings		
Alliance Canada	14.5	14.5
Saskatchewan System	4.9	4.2
Green Power	0.9	1.8
Corporate	(16.7)	(17.2)
Total Earnings	3.6	3.3
Earnings Per Unit (dollars per unit)	0.10	0.10
Cash Provided by Operating Activities	23.6	36.5
Cash Distributions Declared	20.9	20.9
Cash Available for Distribution is comprised of the following:		
Alliance Canada	18.0	17.9
Saskatchewan System	9.0	8.7
Green Power	1.7	0.9
Corporate	(4.7)	(5.0)
Cash Available for Distribution ⁴	24.0	22.5
Cash Distributions Declared Per Unit (dollars per unit)		
Trust Units	0.2880	0.2880
ECT Preferred Units	0.2880	0.2880
ECT Preferred Units (number of units)	38,023,750	38,023,750
Trust Units (number of units)	34,625,000	34,625,000

¹ Financial Highlights have been extracted from financial statements prepared in accordance with GAAP.

² Reflects 100% of the respective entities production volumes, not the Fund's proportionate share.

³ Totals are not presented as the same volumes can be transported through a combination of the pipelines comprising the Saskatchewan System.

⁴ See Non-GAAP Measures.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF EARNINGS

	Three months ended	
	March 31,	
<i>(unaudited; millions of Canadian dollars, except per unit amounts)</i>	2010	2009
Revenues	77.3	74.7
Expenses		
Operating and maintenance	24.0	21.6
Management and administrative	2.3	2.3
Depreciation and amortization	22.8	22.5
	49.1	46.4
	28.2	28.3
Other Income and Expense	0.2	0.5
Interest Expense	(14.1)	(14.2)
ECT Preferred Unit Distributions	(11.0)	(11.0)
	3.3	3.6
Income Tax Recovery/(Expense)	0.3	(0.3)
Earnings	3.6	3.3
Earnings per Trust Unit		
Basic and Diluted	0.10	0.10

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended March 31,	
<i>(unaudited; millions of Canadian dollars)</i>	2010	2009
Earnings	3.6	3.3
Other Comprehensive (Loss)/Income		
Change in unrealized (losses)/gains on cash flow hedges, net of tax	(2.0)	4.6
Reclassification of realized gains on cash flow hedges to earnings, net of tax	(0.2)	-
	(2.2)	4.6
Comprehensive Income	1.4	7.9

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

	Three months ended March 31,	
<i>(unaudited; millions of Canadian dollars)</i>	2010	2009
Trust Units	333.4	333.4
Deficit, Beginning of Period	(88.8)	(61.9)
Earnings	3.6	3.3
Distributions to unitholders	(10.0)	(10.0)
Deficit, End of Period	(95.2)	(68.6)
Accumulated Other Comprehensive Loss, Beginning of Period	(4.1)	(9.6)
Other comprehensive (loss)/income, net of tax	(2.2)	4.6
Accumulated Other Comprehensive Loss, End of Period	(6.3)	(5.0)
Total Unitholders' Equity	231.9	259.8

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31,	
<i>(unaudited; millions of Canadian dollars)</i>	2010	2009
Cash Provided by Operating Activities		
Earnings	3.6	3.3
Charges/(credits) not affecting cash		
Depreciation and amortization	22.8	22.5
Amortization of deferred financing charges	0.4	0.4
Amortization of fair value increment on debt	(1.1)	(1.2)
Future income taxes	(0.2)	(0.2)
Other	0.1	(0.8)
Changes in operating assets and liabilities		
Change in accounts receivable and other	(2.0)	2.3
Change in accounts payable and accrued liabilities	6.1	11.6
Change in deferred amounts and other assets	(5.3)	(2.5)
Change in long-term liabilities	(0.8)	1.1
	23.6	36.5
Investing Activities		
Additions to property, plant and equipment	(11.0)	(3.7)
Additions to intangible assets	(0.3)	(0.2)
Change in construction payable	(2.2)	(0.1)
	(13.5)	(4.0)
Financing Activities		
Net change in long-term credit facility	21.2	(10.5)
Net change in non-recourse long-term credit facility	(0.3)	(6.9)
Trust unit distributions	(10.0)	(9.7)
	10.9	(27.1)
Increase in Cash and Cash Equivalents	21.0	5.4
Cash and Cash Equivalents at Beginning of Period	17.6	17.3
Cash and Cash Equivalents at End of Period	38.6	22.7
Cash and Cash Equivalents	4.4	3.5
Cash and Cash Equivalents in Trust	34.2	19.2
	38.6	22.7
Supplementary Cash Flow Information		
Income taxes paid/(recovered)	1.7	(0.4)
Interest paid	1.0	0.3

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2010	December 31, 2009
<i>(unaudited; millions of Canadian dollars)</i>		
Assets		
Current Assets		
Cash and cash equivalents	38.6	17.6
Accounts receivable and other	40.6	38.5
	79.2	56.1
Property, Plant and Equipment, net	1,251.1	1,261.2
Intangible Assets	87.7	89.1
Goodwill	308.1	308.1
Deferred Amounts and Other Assets	201.3	194.6
Future Income Taxes	4.5	6.2
	1,931.9	1,915.3
Liabilities and Unitholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	60.7	53.3
Distributions payable	3.3	3.3
Current portion of long-term debt	147.0	-
Current portion of non-recourse long-term debt	57.6	57.9
	268.6	114.5
Long-Term Debt	170.6	296.1
Non-Recourse Long-Term Debt	704.1	705.1
ECT Preferred Units	380.2	380.2
Long-Term Liabilities	2.1	3.2
Asset Retirement Obligations	12.4	12.4
Future Income Taxes	162.0	163.3
	1,700.0	1,674.8
Unitholders' Equity		
Trust units	333.4	333.4
Deficit	(95.2)	(88.8)
Accumulated other comprehensive loss	(6.3)	(4.1)
	231.9	240.5
	1,931.9	1,915.3

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Enbridge Income Fund (the Fund) have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). These interim consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the consolidated financial statements and notes thereto included in the Fund's 2009 Annual Report. These interim consolidated financial statements follow the same accounting policies and methods of application as those included in the Fund's 2009 Annual Report.

Earnings for interim periods may not be indicative of results for the fiscal year due to the seasonal nature of the Green Power segment's operations.

1. PROPOSED RESTRUCTURING

In March 2010, the Fund announced that the Enbridge Commercial Trust (ECT) Board of Trustees, which oversees the governance of the Fund, approved a plan of arrangement for restructuring the Fund and recommends that unitholders approve the plan of arrangement at the Fund's annual meeting on May 3, 2010. The proposed restructuring under the plan of arrangement involves an exchange by public unitholders of their trust units, which collectively represent a 28% economic interest in the Fund, as well as a portion of the Enbridge Inc. (Enbridge) interest in the Fund, on a one for one basis for shares of a taxable Canadian corporation called Enbridge Income Fund Holdings Inc. (EIFH).

The proposed restructuring is subject to approval by unitholders and regulators, as applicable. If approved, the plan of arrangement would take effect prior to the end of 2010, thus avoiding the effect of the January 1, 2011 implementation of tax legislation impacting specified investment flow-through (SIFT) entities. Under the plan of arrangement approved by the ECT Board of Trustees, the Fund would cease to be a SIFT and would not be subject to the SIFT tax under the proposed restructuring.

2. SEGMENTED INFORMATION

Three months ended March 31, 2010

<i>(unaudited, millions of Canadian dollars)</i>	Alliance	Saskatchewan	Green		
	Canada	System	Power	Corporate	Consolidated
Revenues	56.1	18.6	2.6	-	77.3
Operating and maintenance	(14.7)	(8.6)	(0.7)	-	(24.0)
Management and administrative	-	-	-	(2.3)	(2.3)
Depreciation and amortization	(15.9)	(5.8)	(1.1)	-	(22.8)
	25.5	4.2	0.8	(2.3)	28.2
Other income and expense	-	-	0.2	-	0.2
Interest expense	(11.1)	-	(0.1)	(2.9)	(14.1)
ECT preferred unit distributions	-	-	-	(11.0)	(11.0)
Income tax recovery/(expense)	0.1	0.7	-	(0.5)	0.3
Earnings	14.5	4.9	0.9	(16.7)	3.6
Additions to Property, Plant and Equipment	1.2	9.7	0.1	-	11.0

ENBRIDGE INCOME FUND
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Three months ended March 31, 2009

<i>(unaudited, millions of Canadian dollars)</i>	Alliance Canada	Saskatchewan System	Green Power	Corporate	Consolidated
Revenues	54.0	17.2	3.5	-	74.7
Operating and maintenance	(12.9)	(8.1)	(0.6)	-	(21.6)
Management and administrative	-	-	-	(2.3)	(2.3)
Depreciation and amortization	(15.9)	(5.6)	(1.0)	-	(22.5)
	25.2	3.5	1.9	(2.3)	28.3
Other income and expense	0.3	-	0.1	0.1	0.5
Interest expense	(11.0)	-	(0.2)	(3.0)	(14.2)
ECT preferred unit distributions	-	-	-	(11.0)	(11.0)
Income tax recovery/(expense)	-	0.7	-	(1.0)	(0.3)
Earnings	14.5	4.2	1.8	(17.2)	3.3
Additions to Property, Plant and Equipment	0.8	2.1	0.8	-	3.7

3. NON-RECOURSE DEBT

Alliance Canada Affiliate Credit Facility

In March 2010, Alliance Canada cancelled the 365 day unsecured operating facility that allowed Alliance Canada to borrow up to US\$20 million from Alliance Pipeline L.P., an affiliated entity. No amounts were ever drawn on this facility.

4. SUBSEQUENT EVENTS

Distribution by the Fund

On April 15, 2010, the Fund paid monthly cash distributions of \$0.096 per trust unit. A cash distribution of \$0.096 per unit was also paid on the same date on the ECT preferred units.

On April 19, 2010, the Fund declared a monthly cash distribution of \$0.096 per trust unit to unitholders of record on April 30, 2010, which is payable on May 14, 2010. The Fund also declared a distribution of \$0.096 per unit on the same date on the ECT preferred units.

Viriden Pipeline Crude Oil Release

On April 1, 2010, the Fund was notified of a minor crude oil release on a six-inch gathering segment of the Saskatchewan System's Viriden pipeline. The pipeline was immediately shut down and emergency response crews were dispatched to the area. The crude oil release has been contained and the pipeline remains shut down while remediation of the site is in progress. The Fund expects clean-up costs associated with this incident to be recoverable through insurance, net of standard deductible amounts. The shutdown of the six-inch gathering segment has no material impact on earnings and the impacted shipper may truck volumes to the Viriden terminal at Cromer, Manitoba during remediation of the pipeline.

Business Development Activities

Subsequent to March 31, 2010, the ECT Trustees authorized Enbridge Management Services Inc., in its capacity as Manager of the Fund, to explore growth opportunities related to further development of the Fund's Saskatchewan infrastructure to accommodate expanding production from the Bakken resource play and incur early stage business development costs on behalf of the Fund up to but not exceeding \$7.2 million. In this regard, the ECT Independent Trustees approved the acquisition by the Fund from an affiliate of Enbridge of a related development opportunity at its cost of approximately \$4.3 million.



Enbridge Income Fund's ordinary units trade on the Toronto Stock Exchange under the symbol ENF.UN.

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