

UNITHOLDERS' AGREEMENT

THIS AGREEMENT is made as of December 17, 2010

BETWEEN

ENBRIDGE INCOME FUND HOLDINGS INC., a corporation incorporated under the laws of the Province of Alberta (“EIFH”),

- and -

ENBRIDGE INCOME FUND, a trust established pursuant to a trust indenture made as of May 22, 2003, as amended and restated as of December 17, 2010 (the “Fund”),

- and –

ENBRIDGE INC., a corporation continued under the laws of Canada (“Enbridge”),

- and -

ENBRIDGE MANAGEMENT SERVICES INC., a corporation incorporated under the laws of Canada (“EMSI”).

WHEREAS pursuant to a plan of arrangement under section 193 of the *Business Corporations Act* (Alberta), among other things, holders of units of the Fund will become holders of common shares in the capital of EIFH effective on or about December 17, 2010;

AND WHEREAS the Parties (as defined herein) have agreed to enter into this Agreement for the purposes of providing certain rights amongst Unitholders (as defined herein) and protections to the Public Shareholders (as defined herein);

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

“**Affiliate**” shall have the meaning ascribed thereto in the *Securities Act* (Alberta);

“**Agreement**” means this agreement, including its recitals, as amended from time to time;

“**ECT**” means Enbridge Commercial Trust, a trust established pursuant to the ECT Trust Indenture;

“**ECT Preferred Units**” means the class of trust units of ECT designated as “Preferred Units” in the ECT Trust Indenture and having the rights, privileges, restrictions and conditions described therein;

“**ECT Trust Indenture**” means the trust indenture pursuant which ECT was established, as last amended and restated on December 17, 2010, as amended from time to time;

“**EIFH Shares**” means common shares in the capital of EIFH;

“**Enbridge Parties**” means, Enbridge and its Permitted Transferees, if any;

“**Enbridge Securities**” has the meaning ascribed thereto in subsection 2.1(a) hereof;

“**Fund Trust Indenture**” means trust indenture pursuant to which the Fund was established as last amended and restated on December 17, 2010, as amended from time to time;

“**Fund Units**” mean the units designated by the Fund Trust Indenture as ordinary units of the Fund;

“**Notice**” has the meaning ascribed thereto in subsection 3.1(a) hereof;

“**Offer to Purchase**” has the meaning ascribed thereto in subsection 2.1(a) hereof;

“**Offeree**” has the meaning ascribed thereto in subsection 3.1(a) hereof;

“**Offered Units**” has the meaning ascribed thereto in subsection 3.1(a) hereof;

“**Parties**” means, collectively, the Fund, EIFH, Enbridge and EMSI;

“**Permitted Transferee**” has the meaning ascribed thereto in section 4.1 hereof;

“**Person**” means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability companies, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts and other organizations, whether or not legal entities and governments and agencies and political subdivisions thereof;

“**Public Shareholders**” means holders of EIFH Shares other than Enbridge and its Affiliates;

“**ROFR Offeror**” has the meaning ascribed thereto in subsection 3.1(a) hereof;

“**Tag-Along Offeror**” has the meaning ascribed thereto in subsection 2.1(a) hereof;

“**Tag-Along Shares**” has the meaning ascribed thereto in subsection 2.1(a) hereof;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder, as amended from time to time;

“**Third Party Offer**” has the meaning ascribed thereto in subsection 3.1(a) hereof; and

“**Unitholders**” means, collectively, Enbridge (and its Permitted Transferees) and EIFH, and “**Unitholder**” means either of them for so long as it holds Fund Units.

ARTICLE 2– TAG-ALONG RIGHTS

2.1 **Mandatory Offer to Purchase – Tag-Along Rights**

- (a) If any Person (for the purpose of this Article 2, the “**Tag-Along Offeror**”) agrees to acquire not less than 90% of each of the ECT Preferred Units, Fund Units and EIFH Shares, if any, that are beneficially owned by the Enbridge Parties at the time of the Tag-Along Offeror’s offer (collectively, the “**Enbridge Securities**”), the Tag-Along Offeror will only be permitted to acquire such Enbridge Securities, and the Enbridge Parties will only be permitted to sell the Enbridge Securities, if the Tag-Along Offeror first makes an offer (an “**Offer to Purchase**”) to the Public Shareholders to purchase the same portion of the EIFH Shares held by the Public Shareholders (the “**Tag-Along Shares**”) as the Tag-Along Offeror would purchase from the Enbridge Parties on economically equivalent terms and conditions as are offered to the Enbridge Parties in respect of their Enbridge Securities, in accordance with applicable corporate and securities laws and at least 35 days prior to the Tag-Along Offeror acquiring any of the Enbridge Securities owned by the Enbridge Parties. The Offer to Purchase may provide that the purchase of the Tag-Along Shares is conditional on, without limitation, the purchase by the Tag-Along Offeror of the Enbridge Securities.
- (b) Without limiting Section 2.1(a), if Section 2.1(a) applies but Enbridge no longer holds any EIFH Shares, then the economically equivalent price for the Tag-Along Shares to be included in the Offer to Purchase will be determined by an independent valuator selected by mutual agreement of Enbridge and EIFH, each acting reasonably, with reference to, without limitation, the price offered for the applicable Enbridge Securities, adjusted for any non-consolidated assets and liabilities of EIFH.
- (c) The Parties acknowledge that the Offer to Purchase described in Section 2.1(a) must be delivered to the Public Shareholders and carried out in accordance with applicable corporate and securities legislation.

2.2 **Unsolicited Offers**

Nothing in this Article 2 shall apply to a *bona fide* unsolicited arm’s length (as defined in the Tax Act) take-over bid, amalgamation, arrangement or other transaction made in writing to all holders of EIFH Shares, with respect to all or a portion of such EIFH Shares in accordance with applicable corporate and securities legislation.

ARTICLE 3 – RIGHTS OF FIRST REFUSAL

3.1 Rights of First Refusal

- (a) If any Unitholder (for the purpose of this Article 3, the “**ROFR Offeror**”) receives a *bona fide* written offer (a “**Third Party Offer**”) from any Person dealing at arm’s length (as defined in the Tax Act) with the ROFR Offeror to purchase any of the Fund Units that the ROFR Offeror beneficially owns (the “**Offered Units**”), which Third Party Offer is acceptable to the ROFR Offeror, the ROFR Offeror must give notice of the Third Party Offer (the “**Notice**”) to the Fund and to the other Unitholder(s) (for the purpose of this Article 3, the “**Offeree**”). The Notice must contain a copy of the Third Party Offer, disclose the identity of the Person making the Third Party Offer and provide evidence sufficient to establish that such Person has the power and capacity, including financial, to complete the purchase of the Offered Units and that the conditions set out in Section 3.3 will be satisfied. Upon the Notice being given, the Offeree will have the right to purchase all, but not less than all, of the Offered Units at the same price and upon the same terms and conditions as are contained in the Third Party Offer.
- (b) If the Offeree desires to purchase all, but not less than all, of the Offered Units that such Offeree is entitled to purchase in accordance with Section 3.1(a), the Offeree will give notice of such desire to the ROFR Offeror and to the Fund within 30 days of having been given the Notice. Notwithstanding any other provision of this Agreement, the ROFR Offeror may not accept any Third Party Offer that stipulates that a closing shall occur earlier than the 15th day after the last date on which the Offeree’s notice is due under this Section 3(b).
- (c) If the Offeree is willing to purchase all, but not less than all, of the Offered Units, the transaction of purchase and sale will be completed in accordance with the terms set out in the Third Party Offer by delivery of the Offered Units by the ROFR Offeror with good title, free and clear of all liens, charges, encumbrances and any other rights of others, against payment by certified cheque, bank draft or wire transfer by the Offeree. If, at the time of completion, any Offered Units are subject to any lien, charge, encumbrance or other right of others, the Offeree will be entitled to deduct from the purchase money to be paid to the ROFR Offeror the amount required to discharge all such liens, charges, encumbrances or other rights of others and will apply such amount to the repayment, on behalf of the ROFR Offeror, of the obligations secured thereby.
- (d) If the ROFR Offeror defaults in transferring the Offered Units to the Offeree as provided in Section 3.1(c), the Fund is authorized and directed to receive the purchase money and thereupon to record the transfer of the Offered Units and to enter the name(s) of the Offeree in the register of the Fund Units as the holder(s) of the Offered Units purchased by it. The Fund will hold the purchase money received by it in trust on behalf of the ROFR Offeror and will not commingle the purchase money with the Fund’s assets, except that any interest thereon will be

for the account of the Fund. The receipt by the Fund of the purchase money will be a good discharge to the Offeree and, after its name(s) has been entered in the register of the Fund, the transaction of purchase and sale will be deemed completed at the price and on the other terms and conditions contemplated herein and the Offeree will for all purposes own the Offered Units purchased by it. Upon such registration, the ROFR Offeror will cease to have any right to or in respect of the Offered Units except the right to receive, without interest, the purchase money received by the Fund upon surrender of any certificates that previously represented the Offered Units.

- (e) If the Offeree does not give notice in accordance with the provisions of Section 3.1(b) that it is willing to purchase all the Offered Units, the rights of the Offeree, except as hereinafter provided, to purchase the Offered Units will terminate and the ROFR Offeror may sell all, but not less than all, of the Offered Units to any Person within four months after the expiry of the 30 day period specified in Section 3.1(b). Any such sale must be at a price not less than the purchase price contained in the Third Party Offer and on other terms no more favourable to such Person than those contained in the Third Party Offer. If the Offered Units are not sold within such four month period on such terms, the rights of the Offeree pursuant to this Article 3 will again take effect.

3.2 **Non-cash Consideration**

If the Third Party Offer provides for non-cash consideration to be paid to the ROFR Offeror, the Notice must specify the ROFR Offeror's good faith estimate of the cash equivalent of such non-cash consideration, which estimate, if not accepted by the Offeree, will be submitted to arbitration for final determination pursuant to Section 4.11.

3.3 **Conditions to the Transfer of Fund Units and ECT Preferred Units**

Notwithstanding any other provision of this Agreement, no sale or transfer of Fund Units or ECT Preferred Units may be made if:

- (i) as a result, the remaining Unitholder(s), the Fund or ECT would become subject to any governmental controls or regulations to which they were not subject prior to the proposed sale by reason of the nationality or residence of the proposed purchaser or transferee;
- (ii) as a result, the remaining Unitholder(s), the Fund or ECT would become subject to any taxation or additional taxation to which the Unitholder(s), the Fund or ECT, or any of them, were not subject prior to the proposed sale;
- (iii) the sale or transfer is not permitted by applicable law or any term of any agreement or other instrument affecting the Fund or ECT, unless any required consent or approval is obtained; or

- (iv) the proposed purchaser or transferee does not have the power and capacity, including financial, to carry out its obligations under this Agreement to the satisfaction of the remaining Unitholder(s), acting reasonably.

ARTICLE 4 - GENERAL

4.1 Transfer to an Affiliate

Subject to Section 3.3, Enbridge shall be entitled to sell or transfer all or any portion of the Enbridge Securities beneficially owned by Enbridge to an Affiliate (a “**Permitted Transferee**”) without triggering the rights in Sections 2.1 or 3.1; provided that the Permitted Transferee has entered into an agreement prior to such transaction to be bound by this Agreement and to become a party hereto in place of Enbridge.

4.2 Issuances of Additional Units

If, after the date hereof but prior to the termination this Agreement, any additional Fund Units or ECT Preferred Units are issued from time to time to Enbridge or an Affiliate of Enbridge, such Fund Units or ECT Preferred Units shall be deemed to form part of the Enbridge Securities and, in the case of an Affiliate not already bound by this Agreement pursuant to Section 4.1, such Affiliate shall agree to be bound by this Agreement and to become a party hereto.

4.3 Further Assurances

Each of the Parties will from time to time execute and deliver all such further documents and instruments and do all acts and things as another party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

4.4 Benefit of the Agreement

This Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, other legal representatives, successors and permitted assigns of the Parties.

4.5 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto.

4.6 Amendments and Waivers

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the Parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting

to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

4.7 Assignment

None of the Parties may assign such party's rights or obligations under this Agreement without the prior written consent of all the other parties.

4.8 Termination

This Agreement will terminate upon:

- (i) the written agreement of all of the Parties;
- (ii) the sale or transfer (other than a sale or transfer to a Permitted Transferee) by the Enbridge Parties of all of the Enbridge Securities; or
- (iii) the dissolution, winding up or bankruptcy of EIFH or the making by EIFH of an assignment under the provisions of the *Bankruptcy and Insolvency Act* (Canada).

4.9 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

4.10 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery, be registered mail or by electronic means of communication addressed to the recipient as follows:

- a) If to EIFH, the Fund or EMSI;

Enbridge Management Services Inc.
3000, 425- 1st Street S.W.
Calgary, Alberta
T2P 3L8

Attention: Corporate Secretary
Facsimile: (403) 231-5929

- b) If to Enbridge:

Enbridge Inc.
3000, 425- 1st Street S.W.

Calgary, Alberta
T2P 3L8

Attention: Corporate Secretary
Facsimile: (403) 231-5929

or to such other address, individual or electronic communication number as may be designated by notice given by either party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third business day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the business day during which such normal business hours next occur it not given during such hours on any day. If the party giving any demand, notice or other communication knows or ought responsibly to know of any difficulties with the postal system which might affect the delivery of mail, any such demand, notice or other communication shall not be mailed but shall be given by personal delivery or by electronic communication.

4.11 **Governing Law**

This Agreement is governed by and will be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

4.12 **Arbitration**

Any controversy, question, claim or other dispute arising out of or relating to this Agreement must be conclusively settled by submission to arbitration in accordance with the rules of arbitration of the *Arbitration Act* (Alberta), R.S.A. 2000, c. A-43.

4.13 **Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

4.14 **Electronic Execution**

Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

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IN WITNESS WHEREOF the parties have executed this Agreement.

ENBRIDGE INCOME FUND HOLDINGS INC.

Per: (signed) "Colin Gruending"

**ENBRIDGE INCOME FUND, by its administrator
ENBRIDGE MANAGEMENT SERVICES INC.**

Per: (signed) "James E.R. Lord"

ENBRIDGE INC.

Per: (signed) "J. Richard Bird"

Per: (signed) "Alison T. Love"

ENBRIDGE MANAGEMENT SERVICES INC.

Per: (signed) John K. Whelen"