

For the three months ended March 31, 2004

Enbridge Income Fund Announces Quarterly Results

On May 3, 2004, Enbridge Income Fund announced earnings of \$2.7 million for the three months ended March 31, 2004. This compares to an anticipated loss of \$0.6 million based on the forecast for the twelve-month period ended June 30, 2004 (the IPO Forecast) contained in the Fund's final prospectus dated June 23, 2003, prorated for a three-month period (the Prorated Forecast). The positive variance of \$3.3 million primarily reflects lower than forecast levels of non-cash expenses.

Mr. J. Richard Bird, President of the Fund commented, "The Fund has generated strong cash flows in the quarter consistent with that of the previous six months since its initiation, resulting in cash available for distribution of \$15.8 million. Distributions to unitholders increased in February 2004 from \$0.06875 per unit to \$0.0708333 per unit as result of truing up the initial distribution level. A normal annual review of the distribution level will take place prior to the declaration of the July 2004 distribution."

Based on current operations, the Fund estimates that approximately 80% of cash to be distributed during 2004 will be included in the income of unitholders for tax purposes.

Management's Discussion & Analysis
For the Three Months Ended March 31, 2004
Dated May 3, 2004

This discussion should be read in conjunction with the unaudited consolidated financial statements of Enbridge Income Fund as at and for the three months ended March 31, 2004.

Selected Financial and Operating Highlights

For the three months ended
 March 31, 2004

Average daily throughput volume	
Alliance Canada (millions of cubic feet per day)	1,648.0
Saskatchewan System ¹ (thousands of barrels per day)	
Westspur	140.8
Saskatchewan	96.3
Weyburn	40.0
Virden	18.3
Transportation Revenue (millions of dollars)	59.4
Earnings (millions of dollars)	2.7
Per Trust Unit (basic and diluted)	0.08
Cash Available for Distribution (millions of dollars)	15.8
Cash Distributions Declared Per Unit	
Ordinary Trust Units	0.2104
Subordinate Trust Units	0.2104
ECT Preferred Units	0.2104
Total Long-Term Liabilities (millions of dollars)	1,554.2
Total Assets (millions of dollars)	1,960.6
Enbridge Commercial Trust (ECT) Preferred Units	38,023,750
Ordinary Trust Units	20,125,000
Subordinated Trust Units	14,500,000
Trust Units	34,625,000

¹Totals are not presented as the same volumes can be transported through a combination of the pipelines comprising the Saskatchewan System.

FINANCIAL RESULTS

Earnings

<i>(millions of dollars)</i>	Three months ended March 31, 2004
Alliance Canada	11.2
Saskatchewan System	2.2
Corporate	<u>(10.7)</u>
	<u><u>2.7</u></u>

Earnings are \$2.7 million for the three months ended March 31, 2004. This represents an increase in earnings compared to the expected results disclosed in the Fund's final prospectus dated June 23, 2003 (the Prospectus). The forecast set out in the Prospectus covers the twelve-month period from July 1, 2003 to June 30, 2004 (the IPO Forecast). For the three months ended March 31, 2004, the Fund's operating results will be compared to the IPO Forecast prorated for the same period (the Prorated Forecast). The Prorated Forecast is simply twenty-five percent of the IPO Forecast, which results in a comparable three month period since the operations are not expected to fluctuate significantly throughout the year.

The Prorated Forecast expected a loss of \$0.6 million in the period. The increase of \$3.3 million in earnings is due primarily to a reduction in amortization, which results from the finalization of the purchase price allocation, as well as increased earnings from Alliance Canada. The final allocation reduced property, plant and equipment and future income taxes and increased debt, intangibles and goodwill in comparison to the Prospectus. The reduction in amortization primarily results from the allocation of \$308.1 million to goodwill, which is not subject to amortization. Offsetting this increase in earnings is accretion and depreciation expense related to asset retirement obligations recorded in the three months ended March 31, 2004 as a result of the adoption on January 1, 2004 of the new CICA standard for asset retirement obligations.

Liquidity and Capital Resources

For the three months ended March 31, 2004, consolidated cash provided by operating activities is \$33.1 million.

Investing activity during the three months ended March 31, 2004 consisted of capital expenditures by Alliance Canada of \$0.8 million, which reflects the Fund's proportionate share, and capital expenditures by the Saskatchewan System of \$0.2 million.

Financing activity during the three months ended March 31, 2004 related primarily to repayment of long term debt of Alliance Canada and distributions to ordinary and subordinated unitholders. The distribution payable accrued at March 31, 2004 of \$2.5 million was paid on April 15, 2004.

Cash Available for Distribution¹

<i>(millions of Canadian dollars)</i>	Three months ended March 31, 2004
Cash from operations	33.1
Add/(Deduct):	
ECT preferred unit distributions	8.0
Alliance Canada cash retained	(25.1)
Saskatchewan System maintenance capital expenditures	(0.2)
Cash Available for Distribution	15.8

Cash Available for Distribution is comprised of the following:

Alliance Canada distributions	15.7
Alliance Canada capital tax	(0.4)
Saskatchewan System operating income before depreciation	5.1
Saskatchewan System maintenance capital expenditures	(0.2)
Fund management and administrative expense	(0.6)
Fund interest expense	(1.8)
Fund large corporation tax and income tax	(1.7)
Cash available for distribution before any change in Fund working capital	16.1
Change in Fund working capital in the period	(0.3)
Cash Available for Distribution	15.8
Cash Distributed or Declared	15.3

¹Cash available for distribution is used as a supplemental financial measure in the evaluation of the Fund and is presented here to provide additional information.

The above calculation of cash available for distribution represents cash available to fund distributions on ordinary trust units, subordinated trust units and 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 stable and sustainable flow of distributable cash to unitholders. The calculation is a non-standardized measure; therefore, the presentation of cash available for distribution may not be comparable to similarly titled measures used by other issuers.

The Saskatchewan System capital expenditures are determined based on the capital requirements to maintain the existing operations for the Saskatchewan System.

The cash retained by Alliance Canada reflects the cash from operations of Alliance Canada that has not been distributed to the Fund. While the cash from operations is proportionately consolidated and is included in the results of the Fund, it is not available for distribution by the Fund until it has been received from Alliance Canada. The cash available for distribution from Alliance Canada is reduced to reflect debt service accounts, capital expenditures and other cash that is needed to fund working capital or other requirements at Alliance Canada. Distributions from

Alliance Canada, which are subject to the approval of the board of directors of the general partner of Alliance Canada, are made on a quarterly basis and are paid in the month subsequent to the quarter end.

Cash distributed or declared of \$15.3 million represents 97% of cash available for distribution before changes in Fund working capital.

The Fund pays cash distributions on a monthly basis to unitholders of record on the last business day of each month. Distributions are payable on or about the 15th day of the month following the declaration. During the three months ended March 31, 2004, the Fund paid cash distributions totalling \$0.06875 per ordinary trust unit for the month of January and \$0.0708333 per ordinary trust unit for the months of February and March. Cash distributions of the same amount per unit were also paid on the subordinated trust units and the ECT preferred units during the three months ended March 31, 2004.

The Board of Trustees approved a 3% upward adjustment to the distributions on the Fund's ordinary and subordinated trust units and the ECT preferred units, effective with the distribution payable to holders of record on February 27, 2004. The annualized distribution increased from \$0.825 to \$0.85 per trust unit as a result of this adjustment. This distribution increase does not change the Fund's expectation of providing modest annual increases based on the built-in growth inherent in the Fund's assets, supplemented with some acquisition-based growth. The normal annual review of the distribution level will take place prior to the declaration of the July 2004 distribution.

On March 17, 2004, the Fund declared a monthly cash distribution in the amount of \$0.0708333 per ordinary trust unit payable to unitholders of record on March 31, 2004. Cash distributions of \$0.0708333 per unit were also declared on the same date on the subordinated trust units and the ECT preferred units. These distributions were paid on April 15, 2004.

On April 19, 2004, the Fund declared a monthly cash distribution in the amount of \$0.0708333 per ordinary trust unit to unitholders of record on April 30, 2004. Cash distributions of \$0.0708333 per unit were also declared on the same date on the subordinated trust units and the ECT preferred units. These distributions are payable on May 14, 2004.

Outlook

Alliance Canada and the Saskatchewan System will continue to focus their efforts on managing system assets and infrastructure, as well as further developing their operational procedures and processes with a view to maximizing available transportation capacity and the competitiveness of their respective tolls.

The Fund remains confident that it will generate built-in, predictable growth in cash flow from its assets in order to provide modest but regular on-going distribution increases, supplemented with some acquisition-based growth. Based on current operations, the Fund estimates that approximately 80% of cash to be distributed during 2004 will be included in the income of unitholders for tax purposes.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENT OF EARNINGS

 Three months ended
 March 31, 2004

(unaudited; millions of dollars, except per unit amounts)

Transportation Revenue	59.4
Expenses	
Operating and maintenance	13.3
Management and administrative	0.6
Capital taxes	0.5
Depreciation	19.2
	33.6
Operating Income	25.8
Other Income and Expense	0.1
Interest Expense	(15.2)
ECT Preferred Unit Distributions	(8.0)
	2.7
Taxes	
Current	(1.7)
Future	1.7
	-
Earnings	2.7
Earnings per Trust Unit	
Basic and Diluted	0.08

See accompanying notes to the unaudited consolidated financial statements.
ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENT OF UNITHOLDERS' EQUITY

 Three months ended
 March 31, 2004

(unaudited; millions of dollars)

Opening Unitholders' Equity	329.8
Earnings Applicable to Unitholders'	2.7
Distributions to Unitholders'	(7.2)
Ending Unitholders' Equity	325.3

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENT OF CASH FLOWS

 Three months ended
 March 31, 2004

(unaudited; millions of dollars)

Cash Provided By Operating Activities	
Earnings	2.7
Charges/(credits) not affecting cash	
Depreciation	19.2
Amortization of fair value increment on debt	(1.3)
Future income taxes	(1.7)
Changes in operating assets and liabilities	
Change in accounts receivable	1.3
Change in accounts payable	11.4
Change in deferred amounts	1.5
	33.1
Investing Activities	
Additions to property, plant and equipment	(1.0)
	(1.0)
Financing Activities	
Long-term debt repayments	(12.9)
Ordinary and subordinated trust unit distributions	(7.2)
Change in distributions payable	0.1
	(20.0)
Increase in Cash	12.1
Cash at Beginning of Period	27.6
Cash at End of Period	39.7
Cash	
Cash	2.7
Cash in trust	37.0
	39.7

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(millions of dollars)</i>	March 31, 2004 (unaudited)	December 31, 2003 (audited) Restated (Note 1)
Assets		
Current Assets		
Cash	39.7	27.6
Accounts receivable and other	26.7	28.0
	66.4	55.6
Property, Plant and Equipment	1,444.0	1,460.8
Intangible Assets	112.1	113.4
Goodwill	308.1	308.1
Deferred Amounts and Other Assets	30.0	31.5
	1,960.6	1,969.4
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	38.6	27.2
Distributions payable	2.5	2.4
Current portion of long-term debt	40.0	40.0
	81.1	69.6
Long-Term Debt	1,073.0	1,087.3
ECT Preferred Units	380.2	380.2
Asset Retirement Obligations (Note 1)	6.6	6.5
Future Income Taxes	94.4	96.0
	1,635.3	1,639.6
Unitholders' Equity	325.3	329.8
	1,960.6	1,969.4

See accompanying notes to the unaudited consolidated financial statements

**ENBRIDGE INCOME FUND
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles and should be read in conjunction with the consolidated financial statements and notes thereto included in the Enbridge Income Fund's 2003 Annual Report. These interim financial statements follow the same accounting policies and methods of application as those included in the 2003 Annual Report except for a change in policy of accounting for asset retirement obligations.

1. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2004, the Fund adopted the new CICA standard for asset retirement obligations. This new standard requires that legal asset retirement obligations associated with the retirement of long-lived tangible assets be initially measured at a fair value which approximates the cost a third party would incur in performing the tasks necessary to retire such assets. The fair value is recognized in the financial statements at the present value of expected future cash flows. Subsequent to initial measurement, accretion expense related to the liability for the asset retirement obligation and amortization of the asset retirement cost are recognized in the results of operations. For Alliance Canada, a legal obligation exists for costs associated with retirement of the pipeline. However, the fair value of the asset retirement obligation cannot be reasonably estimated, as the life of the pipeline is indeterminable. For the Saskatchewan System, a legal obligation exists for the retirement of the Westspur, Saskatchewan, Weyburn and Virden pipeline systems. The undiscounted amount of expected cash flows required to settle the asset retirement obligations is estimated at \$41.0 million to be settled beginning in the year 2033. The liability for the expected cash flows, as reflected in the financial statements, has been discounted at 6.58%. Implementation of this policy, which requires retroactive restatement of prior periods, has resulted in a charge to opening retained earnings of \$0.3 million for accretion and depreciation expense in the prior year and an increase of \$6.3 million to both property, plant and equipment, and asset retirement obligations. During the three months ended March 31, 2004, amortization expense and accretion expense were each \$0.1 million.

2. SEGMENTED INFORMATION

Three months ended March 31, 2004

<i>(millions of dollars)</i>	Alliance Canada	Saskatchewan System	Corporate	Consolidated
Revenues	49.5	9.9	-	59.4
Operating and maintenance	(8.6)	(4.7)	-	(13.3)
Management and administrative	-	-	(0.6)	(0.6)
Capital taxes	(0.4)	(0.1)	-	(0.5)
Depreciation	(15.5)	(3.7)	-	(19.2)
Operating income/(loss)	25.0	1.4	(0.6)	25.8
Other income and expense	0.1	-	-	0.1
Interest expense	(13.4)	-	(1.8)	(15.2)
ECT preferred unit distributions	-	-	(8.0)	(8.0)
Current taxes	(0.8)	(0.1)	(0.8)	(1.7)
Future taxes	0.3	0.9	0.5	1.7
Earnings	11.2	2.2	(10.7)	2.7

3. SUBSEQUENT EVENTS

Distribution by the Fund

On April 15, 2004, the Fund made a monthly cash distribution in the amount of \$0.0708333 per ordinary trust unit. A cash distribution of \$0.0708333 per unit was also paid on the same date on the subordinated trust units and the ECT preferred units.

On April 19, 2004, the Fund declared a monthly cash distribution in the amount of \$0.0708333 per ordinary trust unit to unitholders of record on April 30, 2004, which is payable on May 14, 2004. The Fund also declared a distribution of \$0.0708333 per unit on the same date on the subordinated trust units and the ECT preferred units.

Supplementary Information **Outstanding Share Data**

	<u>Number of Units Outstanding</u>
Ordinary Trust Units	20,125,000
Subordinated Trust Units	14,500,000
ECT Preferred Units	38,023,750

Outstanding share data information is provided as at May 3, 2004.

Additional information relating to the Fund is available on www.sedar.com.

When used in this document, the words “anticipate”, “expect”, “project”, “believe”, “estimate”, “forecast” and similar expressions are intended to identify forward-looking statements, which include statements relating to pending and proposed projects. Such statements are subject to certain risks, uncertainties and assumptions pertaining to operating performance, regulatory parameters, economic conditions and, in the case of pending and proposed projects, risks relating to design and construction, regulatory processes, obtaining financing and performance of other parties, including partners, contractors and suppliers.

May 3, 2004