

For the six months ended June 30, 2007

Enbridge Income Fund Announces Quarterly Results

On July 30, 2007, Enbridge Income Fund (the “Fund”) announced earnings of \$6.5 million, or \$0.19 per unit, for the six months ended June 30, 2007 compared with \$26.3 million, or \$0.76 per unit, during the same period in the prior year. The \$19.8 million decrease in earnings is primarily attributed to the revaluation of future income taxes in 2006 and future income taxes recognized in 2007 as a result of new tax legislation. Earnings, excluding the impacts of tax changes, decreased due to increased costs in the Corporate segment, which were partially offset by a solid contribution from the Green Power segment. Earnings from Alliance Canada and the Saskatchewan System increased modestly. The Fund’s earnings for the three months ended June 30, 2007 of \$3.0 million are lower than the prior year comparative period by \$18.0 million due to similar factors as for the six-month results.

Jim Schultz, President of Enbridge Management Services Inc., the Administrator of the Fund, commented, “Quarterly results from Alliance Canada and the Saskatchewan System have continued to provide consistent distributions to unitholders, and were in line with our expectations. The enactment of the Tax Fairness Plan has had limited impact on our reported earnings due to the regulated nature of most of our operations. We continue to assess the impact of the legislation on the business and financial outlook of the Fund and will pursue a strategy that will maximize value to unitholders going forward.”

During the three and six months ended June 30, 2007, the Fund declared monthly cash distributions of \$0.08 per ordinary unit. Cash distributions of the same amount per unit were also declared on the subordinated units and the ECT preferred units. 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.

Based on current operations, the Fund estimates that approximately 80% of cash to be distributed in 2007 will be included in the income of unitholders for tax purposes. The remaining 20% of cash distributed to unitholders represents non-taxable return of capital.

UNITHOLDER INFORMATION

Registrar and Transfer Agent in Canada

Inquiries regarding the Distribution Reinvestment and Unit Purchase Plan, change of address, distributions, and duplicate mailings should be directed to:

CIBC Mellon Trust Company
600, 333 – 7th Avenue S.W.
Calgary, Alberta T2P 2Z1
Telephone: (403) 232-2400
Toll free: (800) 387-0825

Distribution Reinvestment & Unit Purchase Plan

The Fund offers a Distribution Reinvestment and Unit Purchase Plan that enables participants to elect, without brokerage fees, to automatically reinvest monthly distributions in additional units of the Fund, and make optional cash payments of up to \$1000 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.

Investor Relations

Unitholder inquiries regarding the Fund's financial and operating performance should be directed to:

Investor Relations
Enbridge Income Fund
3000, 425 – 1st Street S.W.
Calgary, Alberta, Canada T2P 3L8
Toll free: (800) 481-2804
Internet: www.enbridgeincomefund.com

July 30, 2007

Enbridge Income Fund Management's Discussion & Analysis For the three and six months ended June 30, 2007

This management's discussion and analysis (MD&A), dated July 30, 2007, should be read in conjunction with the unaudited interim consolidated financial statements of the Enbridge Income Fund (the Fund) as at and for the three and six months ended June 30, 2007 and the audited financial statements and MD&A contained in the Fund's Annual Report for the year ended December 31, 2006. Unless otherwise noted, all financial information is in Canadian dollars and financial information pertaining to Alliance Canada and Green Power reflects the Fund's proportionate share. Additional information related to the Fund, including the Fund's Annual Information Form, is filed on SEDAR at www.sedar.com.

CONSOLIDATED EARNINGS

<i>(millions of dollars)</i>	Three months ended		Six months ended	
	2007	June 30, 2006	2007	June 30, 2006
Alliance Canada	14.5	14.2	28.5	27.9
Saskatchewan System	3.2	2.9	6.1	6.0
Green Power	0.7	-	1.5	-
Corporate	(14.4)	(12.8)	(28.6)	(24.3)
Earnings before impact from tax changes	4.0	4.3	7.5	9.6
Revalue future taxes due to tax rate changes	0.9	16.7	0.9	16.7
Future taxes due to Tax Fairness Plan	(1.9)	-	(1.9)	-
Earnings	3.0	21.0	6.5	26.3

Earnings were \$6.5 million for the six months ended June 30, 2007 compared with \$26.3 million in 2006. \$17.7 million of the decrease in earnings was attributable to the revaluation of future income taxes in 2006 and future income taxes as a result of Bill C-52 described below. Earnings, excluding the impacts of tax changes, decreased due to increased costs in the Corporate segment, primarily higher current taxes, higher interest expense, incentive fees and ECT preferred unit distributions, which were partially offset by increased contributions from Alliance Canada and the Green Power segment.

On June 22, 2007, the "Tax Fairness Plan" income trust taxation legislation, Bill C-52, received Royal Assent. Under the enacted legislation, a distribution tax of 31.5% will be imposed on Enbridge Income Fund starting in 2011. This change resulted in the recognition of future income tax liabilities and expense of \$1.9 million. The impact of the Tax Fairness Plan on the Fund's reported earnings was relatively small because most of the assets are rate regulated and future taxes are expected to be included in the approved rates charged to customers in the future. However, as enacted in its present form, the Tax Fairness Plan will, all other things being equal, likely result in a reduction of cash available for distribution by the Fund commencing in 2011. The earnings impact of the legislation was partially offset by the reduction in the federal corporate income tax rate of 0.5% effective in 2011, which was substantively enacted in June. The future tax rate changes substantively enacted in 2006 resulted in a 7% decline in future tax rates and had a more significant impact on earnings than the current period change.

Earnings were \$3.0 million for the three months ended June 30, 2007 compared with \$21.0 million in 2006. The \$18.0 million decrease reflected similar factors as those identified in the six month analysis, except that the Saskatchewan System experienced greater growth in earnings during the second quarter of 2007 due to continuing growth in rate base.

FORWARD-LOOKING STATEMENTS

Certain information provided in this MD&A constitutes forward-looking statements. The words "anticipate", "expect", "project", "estimate", "forecast" and similar expressions are intended to identify such forward-looking statements. Although the Fund believes that these statements are based on information and assumptions which are current, reasonable and complete, these

statements are necessarily subject to a variety of risks and uncertainties pertaining to operating performance, regulatory parameters, economic conditions and commodity prices. A discussion of those risks and uncertainties can be found in the Fund's Canadian securities filings. While the Fund makes these forward-looking statements in good faith, should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary significantly from those expected. Except to the extent required by applicable securities law and regulations, the Fund assumes no obligation to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

Non-GAAP Measures

This MD&A contains references to cash available for distribution and earnings before impact from tax changes. Cash available for distribution represents cash available to fund distributions on ordinary units, subordinated 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. Earnings before impact from tax changes represents earnings adjusted for tax changes substantively enacted. Management believes that the presentation of earnings before impact from tax changes provides useful information to investors and unitholders as it provides increased predictive value. Cash available for distribution and earnings before impact from tax changes are not measures that have standardized meanings prescribed by Canadian Generally Accepted Accounting Principles (GAAP) and are not considered GAAP measures. Therefore, this measure may not be comparable with similar measures presented by other issuers.

FUND DESCRIPTION & 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 the Manager), 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, known as Green Power.)

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

FINANCIAL RESULTS

ALLIANCE CANADA

<i>(millions of dollars)</i>	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Earnings before impact from tax changes	14.5	14.2	28.5	27.9
Revalue future taxes due to tax rate changes	0.2	2.7	0.2	2.7
Earnings	14.7	16.9	28.7	30.6

Alliance Canada is the Canadian portion of the 3000 km Alliance System. The Alliance System is 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.

Alliance Canada has transportation service agreements with its shippers for 100% of its available firm transportation capacity. Alliance Canada's transportation service agreements are designed to provide toll revenues sufficient to recover prudently incurred costs of service, including operating and maintenance, depreciation, an allowance for income and provincial capital taxes, 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 expires in 2015, except for 1.5% of contracted transportation capacity, which is currently contracted until March 2010.

Earnings for the six months ended June 30, 2007 decreased by \$1.9 million over the six months ended June 30, 2006. In the second quarter of 2006, substantial future tax rate reductions were enacted, which increased earnings for the period. Future taxes in Alliance Canada result from differences, which arose on the acquisition of Alliance Canada from Enbridge, between the accounting values and the tax bases of certain assets and liabilities. The Tax Fairness Plan did not result in future income tax expense being recorded in 2007 for such differences within Alliance Canada because the future income taxes are expected to be collected in the tolls charged to customers in the future and fully recovered.

Excluding these future tax impacts on earnings, earnings were greater than the comparable prior year period as a result of the elimination of large corporation tax and larger recoveries of notional taxes in tolls for the six months ended June 30, 2007. These changes were partially offset by the reduction in the equity return caused by the depreciating investment base. Earnings for the three months ended June 30, 2007 reflect the same factors as for the six-month results.

Earnings reflect a return on equity applied to investment base accounts, as well as an allowance for income and provincial capital taxes on regulated activities. The rate used to calculate the equity return is not expected to change; however, related annual earnings will decline over time as the investment base is depreciated.

Revenue for the six months ended June 30, 2007 was \$103.3 million compared with \$101.5 million for the six months ended June 30, 2006. The increase resulted from higher cost of service recoveries, which were partially offset by a lower equity return as a consequence of a depreciating investment base. The increase in cost of service recoveries was driven by higher notional taxes as well as higher operating expenses from increased personnel costs and current

year property taxes. Revenue for the three months ended June 30, 2007 of \$52.0 million compared to \$50.9 million for the three months ended June 30, 2006 reflected similar factors as the year to date results.

SASKATCHEWAN SYSTEM

<i>(millions of dollars)</i>	Three months ended		Six months ended	
	2007	2006	2007	2006
Earnings before impact from tax changes	3.2	2.9	6.1	6.0
Revalue future taxes due to tax rate changes	0.7	14.0	0.7	14.0
Earnings	3.9	16.9	6.8	20.0

The Saskatchewan System includes four crude oil and liquids pipeline systems: the Saskatchewan Gathering, Westspur, Weyburn, and Virden pipeline systems. Together, these systems include approximately 328 km of trunk line and 1900 km of gathering pipeline with capacities ranging from 37,000 bpd to 190,000 bpd.

Saskatchewan System earnings for the six months ended June 30, 2007 were lower than the comparable period primarily due to significant future tax rate reductions substantively enacted in the second quarter of 2006. Future taxes in the Saskatchewan System result from temporary differences between the accounting value of the property, plant and equipment versus the tax basis. Earnings for the six months ended June 30, 2007, excluding the impact of the revaluation of future taxes, were comparable with earnings for the six months ended June 30, 2006. Earnings for the three months ended June 30, 2007 reflected continued growth in rate base.

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, and to provide 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. Tolls on the Weyburn and Virden systems are based on historical precedents and/or agreements with customers and are updated to reflect changes in market conditions when warranted. As a result, earnings from Weyburn and Virden reflect tolls less costs incurred.

For the six months ended June 30, 2007, revenues were \$25.8 million compared to \$23.9 million for the six months ended June 30, 2006. The increase reflected increased cost of service recoveries from higher operating costs driven by an increase in labour costs. Revenue of \$14.1 million for the three months ended June 30, 2007 increased \$1.5 million from the same period in 2006 and reflected the same factors for the six months ended June 30, 2007.

GREEN POWER

(millions of dollars)	Three months ended		Six months ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Earnings before impact from tax changes	0.7	-	1.5	-
Future taxes due to Tax Fairness Plan	0.2	-	0.2	-
Earnings	0.9	-	1.7	-

Green Power includes the Fund's 33% to 50% interests in three wind power projects in Saskatchewan and Southern Alberta. Collectively, these wind power projects can generate a total of 71 megawatts (MW) of electricity. Green Power also includes the Fund's 50% interest in NRGreen, which develops and operates waste heat recovery power generation facilities along the Alliance Pipeline. These facilities convert waste heat to electricity, which is then sold under long-term power purchase agreements. The first facility, at Kerrobert, Saskatchewan, began operations at the end of 2006 and another three facilities are currently under construction.

Earnings for the six months ended June 30, 2007 were positively impacted by the Tax Fairness Plan. Future tax recoveries in the Green Power segment result from temporary differences between the accounting value of the property, plant and equipment versus the tax basis in the wind power projects. Excluding the impact of the tax fairness legislation, earnings were reflective of a strong contribution by NRGreen, which was fully operational in the quarter, and the wind power operations. Collectively, Green Power assets generated approximately 65,500 MW hours and 150,500 MW hours of electricity for the three and six months ended June 30, 2007, respectively.

CORPORATE

(millions of dollars)	Three months ended		Six months ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Costs before impact from tax changes	(14.4)	(12.8)	(28.6)	(24.3)
Future taxes due to Tax Fairness Plan	(2.1)	-	(2.1)	-
Total costs	(16.5)	(12.8)	(30.7)	(24.3)

Corporate costs included distributions on the preferred units of Enbridge Commercial Trust (ECT), a subsidiary of the Fund, as well as interest expense, incentive fees and management and administrative costs.

Corporate costs, excluding the impact of the Tax Fairness Plan were \$28.6 million for the six months ended June 30, 2007 compared with \$24.3 million for the six months ended June 30, 2006. The \$4.3 million increase was driven by several factors. Current taxes were higher when compared with the same period in the prior year, but are expected to reverse prior to year end. In addition, interest expense increased as a result of the increased borrowings used to finance the acquisition of the Wind Power projects in October 2006, and both incentive fees and ECT preferred unit distributions increased due to a 4.5% increase in per unit distributions in the fourth

quarter of 2006.

Corporate costs for the three months ended June 30, 2007 compared with the three months ended June 30, 2006 reflected similar factors as the six months period. However, the impact of current taxes is less significant due to the timing of the recovery in 2006.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2007, the Fund had \$26.0 million available on its credit facility. This facility, combined with cash generated by operating activities and supplemented by additional borrowings as necessary, is expected to be sufficient to meet the forecast liquidity and capital resource requirements of the Fund. Forecasted liquidity requirements include monthly cash distributions to unitholders, including ordinary and subordinated unitholders of the Fund, as well as preferred unitholders of ECT. Anticipated capital resource requirements include budgeted maintenance and enhancement capital expenditures described in the Fund's 2006 Annual Report.

The Fund's cash balance at June 30, 2007 of \$16.0 million includes \$2.1 million held in trust by Alliance Canada, pursuant to finance agreements within Alliance Canada.

Operating Activities

Cash provided by operating activities was \$40.5 million for the six months ended June 30, 2007, a \$2.9 million increase from the prior year period. Cash provided from operating activities for the three months ended June 30, 2007 was \$9.4 million, a \$4.4 million increase from the prior year comparable period. The increase reflected changes in working capital.

Investing Activities

Cash used for investing activities for the six months ended June 30, 2007 of \$23.4 million was \$19.3 million higher than the prior year period largely due to the timing of capital projects within the segments, specifically the construction of the three new waste heat recovery facilities by NRGreen, Alliance Canada's asset optimization projects and the Westspur expansion within the Saskatchewan System. These projects are being funded through debt and cash from operations.

Financing Activities

Financing activities for the six months ended June 30, 2007 related to monthly distributions to ordinary and subordinated unitholders, as well as changes in outstanding indebtedness under the credit facility and non-recourse debt funding for Alliance Canada.

In June 2007, Alliance Canada amended the maturity date of its existing credit facility from June 28, 2011 to June 28, 2013.

There has not been a significant change in the Fund's financial position from December 31, 2006.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2007, the Fund adopted new accounting standards for: Financial Instruments - Recognition and Measurement, Financial Instruments - Disclosure and Presentation, Comprehensive Income, and Hedges. These policies were adopted prospectively and accordingly, prior periods were not restated.

The new standards require that the Fund now recognize certain financial instruments, including cash flow hedges, on the balance sheet at fair value. The standards also require the classification of financial assets and liabilities according to expected use. Loans and receivables, and instruments held to maturity, remain recorded at amortized cost. The Fund has not changed the classification or valuation of other financial instruments.

To the extent cash flow hedges are effective, unrealized changes in fair value are recorded in Accumulated Other Comprehensive Income, a component of unitholders' equity, until the gains or losses are realized and recognized in earnings. Unrealized changes in fair value hedges are recorded in earnings with changes in the fair value of the underlying asset or liability. Any ineffectiveness is charged to current earnings. Generally, effectiveness is an assessment of how well a hedge mitigates the underlying risk.

For derivatives that do not qualify for hedge accounting, the unrealized changes in fair value are charged to current earnings. The Fund does not use derivatives for speculative purposes.

The Fund uses hedges to mitigate fluctuations in cash flows from the sale of power generated by certain wind power assets. The new accounting standards require changes in the fair value of the hedges be reflected in AOCI. However, the new standards do not affect earnings or distributable cash flow generated by the Fund. As a result of the new standards for cash flow hedges, at January 1, 2007, the Fund recognized a liability of \$6.1 million representing the fair value of its power purchase swap agreements.

Capital Disclosures and Financial Instruments – Disclosure and Presentation

Effective January 1, 2008, the Fund will adopt new accounting standards for Capital Disclosures and Financial Instruments – Disclosure and Presentation. The Fund will disclose its objectives, policies and procedures for managing capital, additional information with respect to capital compliance requirements, and enhanced disclosure of risks associated with financial instruments and how those risks are managed.

OUTLOOK

Operations

The Fund will continue to focus on managing its existing assets and seek to increase distributable cash flow through investment in stable energy infrastructure, subject to available capital.

Alliance Canada will continue to focus on its core business, operating performance, and the competitiveness of its tolls. This includes the B.C. expansion project, which proposes to increase receipt capacity for existing shippers with natural gas receipts originating in Northeastern British Columbia and the construction of the Taylor Compression Station which would increase receipt capacity on the Taylor-Aitken Creek lateral system.

In connection with the B.C. expansion project, Alliance Canada has received binding subscriptions, at an acceptable price, for 150 mmcf/d. As a result, an application with a total cost of \$30.0 million was filed with the National Energy Board (NEB) for this initiative. On April 13, 2007, the NEB issued a hearing order on the application for the project which provided for written submission by interested parties by June 2007. On June 19, 2007, Alliance Canada submitted its reply argument, and expects a decision by the NEB during the third quarter of 2007. Alliance Canada has scheduled completion of the project by year-end 2008, subject to NEB approval.

On March 21, 2007, NOVA Chemicals Corporation (NOVA) and Aux Sable Canada Ltd. (ASC), an Alliance Canada related party by virtue of a common ownership group, signed a letter of intent to develop an ethane extraction plant in Fort Saskatchewan, Alberta that would process natural gas from the Alliance System. As a result of this announcement, Alliance Canada is engaged with ASC to negotiate a facilities connection agreement for the interconnection of Alliance Canada and the proposed Fort Saskatchewan Extraction Plant.

The Saskatchewan System will continue to focus its efforts on managing system assets and infrastructure, and further developing its operational procedures and processes to maximize available transportation capacity and the competitiveness of its tolls. The Weyburn capacity expansion was completed and in service in early 2007.

On April 30, 2007, the Board of Trustees approved a \$13.8 million budget increase for the Westspur expansion between Midale and Cromer. The increase is reflective of changes in scope, higher material and labour costs, and environmental review requirements associated with the NEB application. On June 28, 2007, the NEB announced conditional approval of an application for the Westspur expansion requesting the filing of a Plan, Profile and Book of Reference for the Project. The increase in the budget will have a minimal impact on earnings and cash available for distribution given that the additional costs will be recovered through the rates charged to shippers. As a result of this decision, completion of the project will be delayed to the first quarter of 2008.

Green Power will focus on operational effectiveness, expansion of NRGreen through the construction of three 5.1 MW waste heat recovery facilities at Alliance Canada's Alameda, Estlin and Loreburn compressor stations and the pursuit of incentives under the Federal Government's ecoEnergy program. The definitive terms & conditions, of which, were released in April 2007.

Recent Tax Developments

On June 22, 2007, the "Tax Fairness Plan" income trust taxation legislation, Bill C-52, achieved Royal Assent. Under the enacted legislation, a distribution tax of 31.5% will be imposed on Enbridge Income Fund starting in 2011. This change resulted in the recognition of future income tax liabilities and expense of \$1.9 million. Future income tax expense was not recorded for the temporary differences attributed to Alliance Canada because future income taxes are expected to be included in the rates charged to customers in the future and fully recovered.

The Fund, with input from external legal and financial advisors, is carefully assessing the impact of the legislation on the business and financial outlook of the Fund and its broader effect on the income trust sector as a whole, all with a view to adopting a strategy that will maximize value to

unitholders going forward. Specifically, Alliance Canada intends to seek clarification on whether it is subject to the broadly drafted legislation.

The impact of the legislation was partially offset by the reduction in the federal corporate income tax rate of 0.5% effective in 2011, which was substantively enacted in June.

Impact on distributions and expansion projects

As enacted in its present form, the Tax Fairness Plan will, all other things being equal, likely result in a reduction of cash available for distribution by the Fund commencing in 2011. With respect to the limitations on equity unit issuances, the Manager believes that the Fund should be able to fund its currently identified growth plans. However, with the current uncertainty in the capital markets resulting from the tax changes, there can be no assurance that sufficient capital will be available to fund further acquisitions or expansion projects.

Impact on unitholders receiving distributions

Based on the Fund's own analysis and advice the Fund has received, the Fund believes that the income portion of distributions to individual unitholders will be treated as taxable dividends from a Canadian corporation commencing in 2011. Returns of capital by the Fund to its Unitholders should not be impacted by the Tax Fairness Plan. Since the foregoing is only a general summary and unitholders' individual circumstances will vary, the foregoing is not intended, nor should it be treated, as a representation of the income tax consequences to any particular unitholder or as tax or legal advice. Unitholders should consult their own tax advisors to clarify the impact of the Tax Fairness Plan on their individual circumstances.

CASH AVAILABLE FOR DISTRIBUTION¹

<i>(millions of dollars)</i>	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Cash Provided by Operating Activities	9.4	5.0	40.5	37.6
Add/(Deduct):				
ECT preferred unit distributions	9.2	8.8	18.3	17.5
Alliance Canada cash retained	(13.2)	(11.2)	(25.9)	(17.9)
Green Power cash retained	0.1	-	(0.5)	(4.0)
Saskatchewan System maintenance capital expenditures	(0.9)	(0.2)	(0.9)	(0.4)
Change in operating assets and liabilities in the period	14.0	16.9	5.2	7.3
Cash Available for Distribution	18.6	19.3	36.7	40.1
Cash Available for Distribution is comprised of the following:				
Alliance Canada distributions	15.9	16.9	31.9	35.0
Alliance Canada capital tax	(0.2)	(0.2)	(0.3)	(0.5)
Alliance Canada large corporation tax	-	0.4	-	-
Saskatchewan System operating income before depreciation, amortization and accretion	7.0	6.0	13.4	12.4
Saskatchewan System maintenance capital expenditures	(0.9)	(0.2)	(0.9)	(0.4)
Green Power distributions	1.2	-	2.3	-
Green Power cash used for settlement of cash flow hedges	0.1	-	(0.1)	-
Corporate management and administrative expense	(1.4)	(1.2)	(2.8)	(2.1)
Corporate interest expense	(3.1)	(2.4)	(6.2)	(4.7)
Corporate other income	0.1	(0.1)	0.1	-
Corporate current taxes	(0.1)	0.1	(0.7)	0.4
Cash Available for Distribution	18.6	19.3	36.7	40.1
Cash Distributions Declared	17.4	16.7	34.9	33.4

¹ See Non-GAAP measures.

The above calculations of cash available for distribution represent cash available to fund distributions on ordinary units, subordinated 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.

For the three months ended June 30, 2007, cash distributions declared of \$17.4 million (2006 - \$16.7 million) represented 93.5% (2006 - 86.5%) of cash available for distribution and for the six months ended June 30, 2007, cash distributions declared of \$34.9 million (2006 - 33.4 million) represented 95.1% (2006 - 83.3%) of cash available for distribution. As at June 30, 2007, the Fund had distributed 91.8% of cash available since inception.

The cash retained by Alliance Canada and Green Power reflected the cash from operations of these segments that was not distributed to the Fund. While the cash from operations was proportionately consolidated and was included in the results of the Fund, it is not available for

distribution by the Fund until it has been received from the joint ventures. Cash available for distribution from Alliance Canada and Green Power was reduced to reflect debt service reserves, capital expenditures and other cash that was needed to fund working capital or other requirements of these segments. 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 paid in the month subsequent to a quarter end. In the Green Power segment, distributions from the Wind Power projects are made monthly, while distributions from NRGreen are made on a quarterly basis and paid in the month subsequent to a quarter end.

In the second quarter of 2007, Alliance Canada returned \$1.0 million to the Fund representing a return of contributed surplus from the close out of construction accounts. This receipt has been excluded from the cash available for distribution reconciliation above, since it relates to enhancement capital.

The Saskatchewan System maintenance capital expenditures were determined based on the capital requirements necessary to maintain the service capability of the existing assets and include the replacement of system components and equipment that is worn, obsolete or completing their useful life.

SELECTED QUARTERLY FINANCIAL INFORMATION¹

(millions of dollars, except per unit amounts)

	2007			2006			2005	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	67.8	65.0	68.2	60.8	63.5	61.9	63.7	63.3
Earnings	3.0	3.5	3.2	5.8	21.0	5.3	2.5	5.0
Earnings Per Unit (basic and diluted)	0.09	0.10	0.09	0.17	0.61	0.15	0.07	0.15
Cash Distributions Declared ²	17.4	17.4	17.2	16.7	16.7	16.7	16.5	16.6

¹ Selected Quarterly Financial Information has been extracted from financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles.

² Cash distributions declared on ordinary, subordinated and ECT preferred units.

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

- Second quarter earnings in 2007 reflected future income tax expense of \$1.9 million due to the substantive enactment of the Tax Fairness Plan.
- Second quarter earnings in 2006 reflected future income tax recoveries of \$16.7 million due to the substantive enactment of reductions in future tax rates during the quarter.
- The Board of Trustees approved increases in distributions of 1% and 4.5%, on the Fund's ordinary and subordinated units and the ECT preferred units, effective with the distributions payable to holders of record on January 31, 2006, and November 30, 2006, respectively.

SUPPLEMENTARY INFORMATION

Outstanding Unit Data

Number of Units Outstanding

Interim Report to Shareholders



Ordinary Units	20,125,000
Subordinated Units	14,500,000
ECT Preferred Units	38,023,750

Outstanding unit data information is provided as at July 30, 2007.

SELECTED OPERATING AND FINANCIAL HIGHLIGHTS¹

<i>(millions of dollars except where otherwise noted)</i>	Three months ended		Six months ended	
	2007	June 30, 2006	2007	June 30, 2006
Average Daily Throughput Volume				
Alliance Canada (millions of cubic feet per day)	1,607.0	1,592.0	1,641.0	1,636.0
Saskatchewan System ² (thousands of barrels per day)				
Westspur System	155.5	150.5	156.2	153.8
Saskatchewan Gathering System	106.4	100.7	107.8	103.1
Weyburn System	35.8	37.4	33.6	37.6
Virden System	21.4	17.2	22.0	22.0
Green Power ³ (thousands of megawatt hours produced)	65.5	-	150.5	-
Revenues	67.8	63.5	132.8	125.4
Earnings	3.0	21.0	6.5	26.3
Per Unit (dollars per unit)	0.09	0.61	0.19	0.76
Cash Available for Distribution ⁴	18.6	19.3	36.7	40.1
Cash Distributions Declared	17.4	16.7	34.9	33.4
Cash Distributions Declared Per Unit (dollars per unit)				
Ordinary Units	0.2400	0.2298	0.4800	0.4595
Subordinated Units	0.2400	0.2298	0.4800	0.4595
ECT Preferred Units	0.2400	0.2298	0.4800	0.4595
Total Long-Term Liabilities			1,508.4	1,458.6
Total Assets			1,849.7	1,813.8
ECT Preferred Units (number of units)			38,023,750	38,023,750
Ordinary Units (number of units)			20,125,000	20,125,000
Subordinated Units (number of units)			14,500,000	14,500,000
Total Number of Units			34,625,000	34,625,000

¹Financial Highlights have been extracted from financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles.

²Totals are not presented as the same volumes can be transported through a combination of the pipelines comprising the Saskatchewan System.

³Wind assets were acquired on October 1, 2006. NRGreen's Kerrobert waste heat recovery facility began operations December 29, 2006.

⁴See Non-GAAP Measures

ENBRIDGE INCOME FUND CONSOLIDATED STATEMENTS OF EARNINGS

<i>(unaudited; millions of dollars, except per unit amounts)</i>	Three months ended		Six months ended	
	June 30,		June 30	
	2007	2006	2007	2006
Revenue	67.8	63.5	132.8	125.4
Expenses				
Operating and maintenance	18.0	16.1	33.4	29.4
Management and administrative	1.4	1.2	2.8	2.1
Capital taxes	0.3	0.4	0.5	0.8
Depreciation and amortization	20.8	19.2	41.5	38.7
Accretion on asset retirement obligations	0.1	0.1	0.2	0.2
	40.6	37.0	78.4	71.2
	27.2	26.5	54.4	54.2
Other Income and Expense	0.8	0.3	0.9	0.5
Interest Expense	(15.3)	(15.0)	(30.5)	(30.0)
ECT Preferred Unit Distributions	(9.2)	(8.8)	(18.3)	(17.5)
	3.5	3.0	6.5	7.2
Tax Recovery/(Expense)				
Current	(0.1)	0.5	(0.7)	0.4
Future	(0.4)	17.5	0.7	18.7
	(0.5)	18.0	-	19.1
Earnings	3.0	21.0	6.5	26.3
Earnings per Trust Unit				
Basic and Diluted	0.09	0.61	0.19	0.76

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

<i>(unaudited; millions of dollars)</i>	Six months ended	
	2007	June 30, 2006
Trust Units	333.4	333.4
Deficit, Beginning of Period	(36.1)	(39.3)
Earnings	6.5	26.3
Distributions to unitholders	(16.6)	(15.9)
Deficit, End of Period	(46.2)	(28.9)
Accumulated Other Comprehensive Loss, Beginning of Period	-	-
Cumulative impact of change in accounting policy (Note 1)	(6.1)	-
Other comprehensive loss	(2.4)	-
Accumulated Other Comprehensive Loss, End of Period	(8.5)	-
Total Unitholders' Equity	278.7	304.5

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(unaudited; millions of dollars)</i>	Three months		Six months	
	ended June 30, 2007	2006	ended June 30, 2007	2006
Earnings	3.0	21.0	6.5	26.3
Other Comprehensive Income/(Loss)				
Change in unrealized fair value on cash flow hedges, net of tax	1.2	-	(2.5)	-
Reclassification of realized (gains)/losses on cash flow hedges to earnings	(0.1)	-	0.1	-
	1.1	-	(2.4)	-
Comprehensive Income	4.1	21.0	4.1	26.3

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(unaudited; millions of dollars)</i>	Three months ended		Six months ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Cash Provided by Operating Activities				
Earnings	3.0	21.0	6.5	26.3
Charges/(credits) not affecting cash				
Depreciation and amortization	20.8	19.2	41.5	38.7
Amortization of deferred financing charges	0.4	0.5	0.8	1.0
Accretion on asset retirement obligations	0.1	0.1	0.2	0.2
Amortization of fair value increment on debt	(1.3)	(1.4)	(2.6)	(2.6)
Future income taxes	0.4	(17.5)	(0.7)	(18.7)
Changes in operating assets and liabilities				
Change in accounts receivable and other	(2.9)	2.9	(5.3)	6.9
Change in accounts payable and accrued liabilities	(8.3)	(15.9)	3.1	(7.1)
Change in deferred amounts and other assets	(8.1)	(4.1)	(9.0)	(8.3)
Change in long-term liabilities	5.3	0.2	6.0	1.2
	9.4	5.0	40.5	37.6
Investing Activities				
Additions to property, plant and equipment	(13.2)	(1.7)	(19.0)	(3.3)
Change in construction payable	1.1	(0.1)	(4.4)	(0.8)
	(12.1)	(1.8)	(23.4)	(4.1)
Financing Activities				
Net change in long-term credit facility	5.0	4.0	10.0	2.0
Net change in non-recourse credit facility	1.7	(0.3)	1.2	(0.4)
Repayment of non-recourse long-term debt	(13.1)	(14.5)	(13.1)	(14.5)
Ordinary and subordinated trust unit distributions	(8.3)	(7.9)	(16.6)	(15.9)
	(14.7)	(18.7)	(18.5)	(28.8)
Increase/(Decrease) in Cash and Cash Equivalents	(17.4)	(15.5)	(1.4)	4.7
Cash and Cash Equivalents at Beginning of Period	33.4	31.3	17.4	11.1
Cash and Cash Equivalents at End of Period	16.0	15.8	16.0	15.8
Cash and Cash Equivalents			13.9	8.9
Cash and Cash Equivalents in Trust			2.1	6.9
			16.0	15.8

See accompanying notes to the unaudited consolidated financial statements.

**ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

<i>(unaudited; millions of dollars)</i>	June 30, 2007	December 31, 2006
Assets		
Current Assets		
Cash and cash equivalents	16.0	17.4
Accounts receivable and other	32.8	27.5
	48.8	44.9
Property, Plant and Equipment	1,329.3	1,349.0
Intangible Assets	99.1	101.9
Goodwill	308.1	308.1
Deferred Amounts and Other Assets	59.2	60.3
Future Income Taxes	5.2	3.1
	1,849.7	1,867.3
Liabilities and Unitholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	32.5	32.0
Distributions payable	2.8	2.8
Current portion of non-recourse long-term debt	27.3	26.1
	62.6	60.9
Long-Term Debt	264.1	259.0
Non-Recourse Long-Term Debt	761.2	781.3
ECT Preferred Units	380.2	380.2
Long-Term Liabilities	21.4	4.8
Asset Retirement Obligations	8.1	7.9
Future Income Taxes	73.4	75.9
	1,571.0	1,570.0
Unitholders' Equity		
Trust units	333.4	333.4
Deficit	(46.2)	(36.1)
Accumulated other comprehensive loss	(8.5)	-
	278.7	297.3
	1,849.7	1,867.3

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 Canadian generally accepted accounting principles. These consolidated financial statements do not include all disclosures required for annual financial statements and should, therefore, be read in conjunction with the consolidated financial statements and notes thereto included in Enbridge Income Fund's (the Fund) 2006 Annual Report. These interim financial statements follow the same accounting policies and methods of application as those included in the 2006 Annual Report, except as described below in Note 1.

Certain comparative amounts have been reclassified to conform with the current year's financial statement presentation.

1. CHANGES IN ACCOUNTING POLICIES

Financial Instruments, Hedging Relationships and Other Comprehensive Income
Effective January 1, 2007, the Fund adopted new accounting standards for: Financial Instruments - Recognition and Measurement, Financial Instruments - Disclosure and Presentation, Comprehensive Income, and Hedges. These policies were adopted prospectively and accordingly, the prior periods were not restated.

Financial Instruments

Measurement and Presentation - The new standards require all financial assets and liabilities to be recorded at fair value, except loans and receivables and certain instruments held to maturity. Loans and receivables and certain instruments that are held to maturity are measured at amortized cost. For instruments measured at fair value, unrealized changes in fair value are recognized in earnings, unless the instrument is an available for sale asset or is an effective hedge and is designated as a cash flow hedging instrument, in which case the unrealized changes are recorded in Other Comprehensive Income.

With the exception of recognizing derivative instruments at fair value, the Fund has not changed the valuation of its financial instruments. The fair values of derivatives reflect an estimate of market value based on generally accepted valuation techniques.

Transaction Costs

On January 1, 2007, the Fund reclassified unamortized deferred financing fees of \$10.1 million from deferred amounts and other assets to long-term debt as a result of adopting the new standards. The reclassification of debt issue costs has no impact on earnings. Financing fees are amortized using the effective interest rate method over the life of the related debt.

Comprehensive Income

The new standards also require the Fund to present a Consolidated Statement of Comprehensive Income, which consists of earnings and the effective portion of changes in unrealized gains and losses related to cash flow hedges. The cumulative changes in

Comprehensive Income are recorded in Accumulated Other Comprehensive Income or Loss (AOCI), a separate component of unitholders' equity.

Hedges

From time to time, the Fund utilizes cash flow hedges to manage changes in power prices and interest rates. For derivative instruments designated as a cash flow hedge, the effective portion of the change in fair value of the cash flow hedging instrument is recorded in other comprehensive income and reclassified to earnings when the underlying transaction is recognized in earnings. Any hedge ineffectiveness is recorded in current period earnings. Generally, effectiveness is an assessment of how well a hedge mitigates the underlying risk.

If a derivative instrument designated as a cash flow hedge ceases to be effective or is terminated, hedge accounting is discontinued and the gain or loss at that date is deferred and recognized concurrently with the related transaction. If a hedged anticipated transaction is no longer probable, the gain or loss is recognized immediately in earnings. Subsequent gains and losses from the derivative instrument are recognized in earnings in the period they occur.

If a derivative instrument is not an effective hedge or is not documented as a hedging item, changes in the fair value are recorded in current period earnings. The Fund does not use derivative instruments for speculative purposes.

As a result of the new standards for cash flow hedges, on January 1, 2007, the Fund recognized a liability of \$6.1 million for the fair value of its power purchase swap agreements. The current portion of the liability, \$1.0 million, was recorded in accounts payable and accrued liabilities. Because these agreements were designated as cash flow hedges, the offset of \$6.1 million has been recorded in AOCI. At June 30, 2007, the Fund has recorded a liability of \$12.4 million for the unrealized fair value of these cash flow hedges and a future income tax asset of \$3.9 million as a result of the Tax Fairness Plan substantively enacted in the quarter. The cash flow hedges expire over periods ranging from 9 years to 17 years. Realized net gains of \$0.1 million and realized net losses of \$0.1 million from the Fund's power purchase swap agreements were recorded in revenue in the quarter and for the six months ended June 30, 2007, respectively.

The Fund estimates that \$1.8 million of AOCI will be reclassified to earnings in the next 12 months.

The adoption did not impact the Fund's earnings or cash flows; however, it resulted in the following adjustments on January 1, 2007:

<i>(unaudited; millions of dollars)</i>	January 1, 2007	
Increase/(Decrease)	Assets	Liabilities and Equity
Deferred Amounts and Other Assets	(10.1)	
Accounts Payable and Accrued Liabilities		1.0
Long-Term Liabilities		5.1
Long-Term Debt		(5.4)
Non-Recourse Long-Term Debt		(4.7)
Accumulated Other Comprehensive Income/(Loss)		(6.1)
	(10.1)	(10.1)

Capital Disclosures and Financial Instruments – Disclosure and Presentation

Effective January 1, 2008, the Fund will adopt new accounting standards for Capital Disclosures and Financial Instruments – Disclosure and Presentation. The Fund will disclose its objectives, policies, and procedures for managing capital, additional information with respect to capital compliance requirements, as well as provide enhanced disclosure of risks associated with financial instruments and how those risks are managed.

2. SEGMENTED INFORMATION

Three months ended June 30, 2007

<i>(millions of dollars)</i>	Alliance	Saskatchewan	Green	Corporate	Consolidated
	Canada	System	Power		
Revenue	52.0	14.1	1.7	-	67.8
Operating and maintenance	(10.4)	(7.0)	(0.6)	-	(18.0)
Management and administrative	-	-	-	(1.4)	(1.4)
Capital taxes	(0.2)	(0.1)	-	-	(0.3)
Depreciation and amortization	(15.5)	(4.6)	(0.7)	-	(20.8)
Accretion on asset retirement obligations	-	(0.1)	-	-	(0.1)
	25.9	2.3	0.4	(1.4)	27.2
Other income and expense	0.4	-	0.3	0.1	0.8
Interest expense	(11.9)	-	-	(3.4)	(15.3)
ECT preferred unit distributions	-	-	-	(9.2)	(9.2)
Current taxes	-	-	-	(0.1)	(0.1)
Future taxes	0.3	1.6	0.2	(2.5)	(0.4)
Earnings	14.7	3.9	0.9	(16.5)	3.0

Three months ended June 30, 2006

<i>(millions of dollars)</i>	Alliance	Saskatchewan	Green	Corporate	Consolidated
	Canada	System	Power		
Revenue	50.9	12.6	-	-	63.5
Operating and maintenance	(9.7)	(6.4)	-	-	(16.1)
Management and administrative	-	-	-	(1.2)	(1.2)
Capital taxes	(0.2)	(0.2)	-	-	(0.4)
Depreciation and amortization	(15.3)	(3.9)	-	-	(19.2)
Accretion on asset retirement obligations	-	(0.1)	-	-	(0.1)
	25.7	2.0	-	(1.2)	26.5
Other income and expense	0.4	-	-	(0.1)	0.3
Interest expense	(12.3)	-	-	(2.7)	(15.0)
ECT preferred unit distributions	-	-	-	(8.8)	(8.8)
Current taxes	0.4	-	-	0.1	0.5
Future taxes	2.7	14.9	-	(0.1)	17.5
Earnings	16.9	16.9	-	(12.8)	21.0

Six months ended June 30, 2007

<i>(millions of dollars)</i>	Alliance	Saskatchewan	Green	Corporate	Consolidated
	Canada	System	Power		
Revenue	103.3	25.8	3.7	-	132.8
Operating and maintenance	(20.1)	(12.2)	(1.1)	-	(33.4)
Management and administrative	-	-	-	(2.8)	(2.8)
Capital taxes	(0.3)	(0.2)	-	-	(0.5)
Depreciation and amortization	(31.3)	(8.8)	(1.4)	-	(41.5)
Accretion on asset retirement obligations	-	(0.2)	-	-	(0.2)
	51.6	4.4	1.2	(2.8)	54.4
Other income and expense	0.5	-	0.3	0.1	0.9
Interest expense	(23.7)	-	-	(6.8)	(30.5)
ECT preferred unit distributions	-	-	-	(18.3)	(18.3)
Current taxes	-	-	-	(0.7)	(0.7)
Future taxes	0.3	2.4	0.2	(2.2)	0.7
Earnings	28.7	6.8	1.7	(30.7)	6.5

Six months ended June 30, 2006

<i>(millions of dollars)</i>	Alliance	Saskatchewan	Green	Corporate	Consolidated
	Canada	System	Power		
Revenue	101.5	23.9	-	-	125.4
Operating and maintenance	(18.2)	(11.2)	-	-	(29.4)
Management and administrative	-	-	-	(2.1)	(2.1)
Capital taxes	(0.5)	(0.3)	-	-	(0.8)
Depreciation and amortization	(30.7)	(8.0)	-	-	(38.7)
Accretion on asset retirement obligations	-	(0.2)	-	-	(0.2)
	52.1	4.2	-	(2.1)	54.2
Other income and expense	0.5	-	-	-	0.5
Interest expense	(24.7)	-	-	(5.3)	(30.0)
ECT preferred unit distributions	-	-	-	(17.5)	(17.5)
Current taxes	-	-	-	0.4	0.4
Future taxes	2.7	15.8	-	0.2	18.7
Earnings	30.6	20.0	-	(24.3)	26.3

3. TAX FAIRNESS PLAN

On June 22, 2007, the "Tax Fairness Plan" income trust taxation legislation, Bill C-52, received Royal Assent. Under the enacted legislation, a distribution tax of 31.5% will be imposed on Enbridge Income Fund starting in 2011. This change resulted in the recognition of future income tax liabilities and expense of \$1.9 million. In addition, these changes resulted in a future income tax asset and an offset to AOCI of \$3.9 million to tax effect the unrealized fair value of power purchase swap agreements. Future income tax expense was not recorded for the temporary differences attributed to Alliance Canada because future income taxes are expected to be included in the approved rates charged to customers in the future and fully recovered.

4. CONTRACTUAL OBLIGATIONS

NRGreen has entered into contracts related to the construction of waste heat electrical generation facilities. At June 30, 2007, NRGreen has capital expenditure commitments pursuant to these contracts of approximately \$12.3 million in 2007 and \$3.4 million in 2008, representing the Fund's 50% interest.

At June 30, 2007, the Fund has commitments of \$0.8 million relating to Alliance Canada's purchase of compressor equipment in 2007 and \$7.5 million relating to the Saskatchewan System Westspur expansion in 2007.

5. SUBSEQUENT EVENTS

Distribution by the Fund

On July 13, 2007, the Fund paid monthly cash distributions of \$0.08 per ordinary trust unit. A cash distribution of \$0.08 per unit was also paid on the same date on the subordinated trust units and the ECT preferred units.

On July 18, 2007, the Fund declared a monthly cash distribution of \$0.08 per ordinary trust unit to unitholders of record on July 31, 2007, which is payable on August 15, 2007. The Fund also declared a distribution of \$0.08 per unit on the same date on the subordinated trust units and the ECT preferred units.