



# **ENBRIDGE INCOME FUND**

**Annual Meeting of Holders of**

**Ordinary Units**

**To be held on May 4, 2009**

**In Toronto, Ontario**

**NOTICE OF MEETING AND**

**INFORMATION CIRCULAR**

**March 2, 2009**

## ENBRIDGE INCOME FUND

(an unincorporated open-ended trust created under the laws of the Province of Alberta)

### NOTICE OF MEETING OF HOLDERS OF ORDINARY UNITS

The annual meeting (the "**Meeting**") of the holders ("**Unitholders**") of ordinary units (the "**Trust Units**") of Enbridge Income Fund (the "**Fund**") will be held on Monday, May 4, 2009 at 1:30 p.m. (Toronto time) in the Kensington Room of Le Royal Meridien King Edward Hotel, 37 King Street East, Toronto, Ontario, for the purposes of:

1. receiving the consolidated financial statements of the Fund for the year ended December 31, 2008, together with the report of the auditors thereon;
2. appointing auditors of the Fund and authorizing the trustees of Enbridge Commercial Trust ("**ECT**") to fix their remuneration;
3. directing and instructing CIBC Mellon Trust Company (the "**Fund Trustee**"), the sole trustee of the Fund, as to the manner in which the Fund Trustee shall vote the units of ECT held by the Fund to elect the trustees of ECT who are unrelated to Enbridge Management Services Inc., the administrator of the Fund (the "**Administrator**");
4. considering and, if thought fit, passing with or without variation, an ordinary resolution continuing, ratifying, confirming and approving the Fund's Unitholder Rights Plan (the "**Rights Plan Resolution**"); and
5. transacting such other business that may properly come before the Meeting or any adjournment thereof.

The Administrator has fixed March 17, 2009 as the record date for determining those Unitholders entitled to receive notice of and to vote at the Meeting. The accompanying information circular of the Fund dated March 2, 2009 provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

**The quorum for the Meeting is one or more individuals present in person and being Unitholders, or representing, by proxy, Unitholders, who hold in the aggregate not less than 5% of the outstanding Trust Units.**

To be effective, proxies must be deposited with the Fund, c/o CIBC Mellon, P.O. Box 721, Agincourt, Ontario, M1S 0A1, Attention: Proxy Department, not later than 4:00 p.m. (Toronto time) on April 30, 2009, or, if the Meeting is adjourned, not later than 24 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, prior to the time of any adjournment thereof.

Dated at Calgary, Alberta, this 2<sup>nd</sup> day of March, 2009.

By order of ENBRIDGE INCOME FUND,  
by its Administrator,  
ENBRIDGE MANAGEMENT SERVICES INC.



**JAMES E.R. LORD**  
Corporate Secretary,  
Enbridge Management Services Inc.

# ENBRIDGE INCOME FUND

## INFORMATION CIRCULAR

### SOLICITATION OF PROXIES

This information circular (the "**Circular**") is furnished in connection with the solicitation of proxies by or on behalf of Enbridge Income Fund (the "**Fund**") by CIBC Mellon Trust Company, sole trustee of the Fund (the "**Fund Trustee**") pursuant to the amended and restated trust indenture of the Fund dated as of as of May 1, 2006 (the "**Fund Trust Indenture**"), and by Enbridge Management Services Inc., the administrator of the Fund (the "**Administrator**"), to be used at the annual meeting (the "**Meeting**") of the holders (the "**Unitholders**") of ordinary units (the "**Trust Units**") of the Fund, and any adjournment thereof. The Meeting will be held on Monday, May 4, 2009 at 1:30 p.m. (Toronto time) in the Kensington Room of Le Royal Meridien King Edward Hotel, 37 King Street East, Toronto, Ontario, for the purposes set forth in the accompanying notice of meeting (the "**Notice of Meeting**"). Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, facsimile or oral communication by the Fund Trustee and by officers of the Administrator. The cost of such solicitation will be borne by the Administrator and reimbursed by the Fund.

The Administrator has fixed March 17, 2009 as the record date for determining those Unitholders entitled to receive the Notice of Meeting and to vote at the Meeting.

The information contained in this Circular is given as at March 2, 2009, unless otherwise indicated.

### VOTING OF TRUST UNITS

#### General

On a show of hands, every Unitholder present in person or represented by proxy (and entitled to vote) has one vote. On a poll or ballot, every Unitholder present in person or by proxy has one vote for each Trust Unit held. On any ballot that may be called for, the persons designated in the enclosed form of proxy will vote for, or withhold from voting the Trust Units in respect of which they are appointed by proxy, in accordance with instructions of the Unitholder indicated on the proxy. **In the absence of instructions with respect to a particular resolution, the Trust Units will be voted in favour of the resolution as indicated under the appropriate heading in this Circular.**

The enclosed form of proxy confers discretionary authority with respect to amendments of or variations to the matters identified in the Notice of Meeting and other matters that may properly come before the Meeting. At the date of this Circular, neither the Fund Trustee or the Administrator is aware of any amendments of, variations to, or other matters to come before the Meeting in addition to, those matters identified and summarized in the Notice of Meeting.

#### Voting by Beneficial Unitholders

As a result of the Fund's registration system, all holders of Toronto Stock Exchange ("**TSX**") listed Trust Units are beneficial holders ("**Beneficial Unitholders**") and all of the Fund's outstanding TSX-listed Trust Units are registered under the name of CDS & Co. CDS & Co. is an entity that acts as a clearing agent for intermediaries (each an "**Intermediary**") such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans.

Ordinary units of the Fund held by Intermediaries can only be voted (for a resolution, or to withhold from voting on a resolution) upon the instructions of the Beneficial Unitholder. The Fund does not normally know the identity of the Beneficial Unitholder, for whose benefit the Trust Units registered in the name of CDS & Co. are held.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Fund has distributed the Notice of Meeting, the Circular and the form of proxy, (collectively, the "**Meeting Materials**") and the Fund's annual report, which includes management's

discussion and analysis and the audited consolidated financial statements for the year ended December 31, 2008, (collectively the "**Financial Materials**") to CDS & Co. and the Intermediaries for distribution to Beneficial Unitholders.

Intermediaries are required to forward the Meeting Materials and Financial Materials to Beneficial Unitholders unless a Beneficial Unitholder has waived the right to receive them. Often, Intermediaries will use service companies to forward these materials to Beneficial Unitholders. Generally, Beneficial Unitholders who have not waived the right to receive Meeting Materials will be given either:

- (a) a voting instruction form ("**Voting Instruction Form**") which must be completed and signed by the Beneficial Unitholder in accordance with the directions on the Voting Instruction Form and returned to the Intermediary (or its agent). In some cases, Beneficial Unitholders may complete the Voting Instruction Form by telephone, the internet, or facsimile; or
- (b) a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Trust Units beneficially owned by the Beneficial Unitholder but which is otherwise not completed. This form of proxy need not be signed by the Beneficial Unitholder. In this case, the Beneficial Unitholder who wishes to submit a proxy should otherwise properly complete the form of proxy and deliver it to the Fund or its transfer agent as set out in the Notice of the Meeting.

The purpose of these procedures is to permit Beneficial Unitholders to direct the voting of the Trust Units that they beneficially own. A Beneficial Unitholder receiving a Voting Instruction Form cannot use that Voting Instruction Form to vote Trust Units directly at the Meeting, as the Voting Instruction Form must be returned as directed by the Intermediary (or its agent) well in advance of the Meeting in order to have the Trust Units voted. Although Beneficial Unitholders may not be recognized directly at the Meeting for the purposes of voting Trust Units registered in the name of CDS & Co., a Beneficial Unitholder may attend the Meeting as proxyholder for the registered Unitholder and vote their Trust Units in that capacity. Beneficial Unitholders who wish to attend the Meeting and indirectly vote their own Trust Units as proxyholder for the registered Unitholder should enter their own names in the blank space on the form of proxy or Voting Instruction Form provided to them and return the properly completed proxy or Voting Instruction Form to their Intermediary (or agent) well in advance of the Meeting, in accordance with the instructions provided by such Intermediary (or agent).

**Beneficial Unitholders who receive Voting Instruction Forms, forms of proxies or other voting materials from an Intermediary (or its agent) should complete and return such form of proxies or voting materials in accordance with the instructions on such materials, including those instructions regarding when and where the proxy or proxy authorization form is to be delivered, in order to properly vote their Trust Units at the Meeting.**

## **APPOINTMENT OF PROXIES**

**To be effective, proxies must be deposited with the Fund, c/o CIBC Mellon, P.O. Box 721, Agincourt, Ontario, M1S 0A1, Attention: Proxy Department, not later than 4:00 p.m. (Toronto time) on April 30, 2009, or, if the Meeting is adjourned, not later than 24 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, prior to the time of any adjournment thereof.**

**The persons named as proxyholders in the enclosed form of proxy are the President of the Administrator and a trustee of Enbridge Commercial Trust ("ECT"). A Beneficial Unitholder who wishes to appoint some other person as his or her representative at the Meeting should strike out the names of the designated proxyholders in the form of proxy, enter his or her own name in the blank space on the form of proxy or Voting Instruction Form provided to them and return the properly completed proxy or Voting Instruction Form to their Intermediary (or its agent) well in advance of the Meeting in accordance with the instructions provided by such Intermediary (or agent).**

## REVOCATION OF PROXIES

**A Unitholder who has given a proxy has the power to revoke it before the proxy is exercised.** A Unitholder may revoke the proxy with an instrument in writing, including another proxy, signed and delivered to the Fund Trustee as provided above under the heading "Appointment of Proxies". The document used to revoke a proxy must be in writing and completed and signed by the Unitholder or his or her attorney authorized in writing or, if the Unitholder is a corporation, under its corporate seal or by an officer or duly authorized attorney thereof. A Unitholder may also revoke a proxy in any other manner permitted by law, prior to the exercise of such proxy on any particular matter.

A Beneficial Unitholder who wishes to revoke a proxy should follow any revocation instructions set forth on the form of proxy or Voting Instruction Form provided to them by their Intermediary (or its agent).

## EXERCISE OF DISCRETION WITH RESPECT TO PROXIES

The Trust Units represented by the enclosed proxy or Voting Instruction Form will be voted for, voted against, or withheld from voting on, any motion, by ballot or otherwise, in accordance with any indicated instructions. **In the absence of such direction, such Trust Units will be voted FOR the resolutions referred to in items 1, 2 and 3 of the proxy or Voting Instruction Form.** If any amendment of or variation to the matters identified in the Notice of Meeting is proposed at the Meeting or any adjournment thereof, or if any other matters properly come before the Meeting or any adjournment thereof, the enclosed proxy or Voting Instruction Form confers discretionary authority to vote on such amendments or variations or such other matters according to the best judgment of the appointed proxyholder. As at the date of this Circular, neither the Fund Trustee nor the Administrator is aware of any amendments or variations to, or other matters to come before the Meeting in addition to those matters identified and summarized in the Notice of Meeting.

## PRINCIPAL HOLDERS OF TRUST UNITS AND RECORD DATE

The only registered Unitholders of the Fund are CDS & Co. and Enbridge Inc. To the best of the knowledge of the officers of the Administrator, no person beneficially owns or exercises control or direction over Trust Units which carry more than 10% of the voting rights attached to all Trust Units other than Enbridge Inc., which owns 14,500,000 Trust Units, representing 41.9% of the votes attaching to all of the Trust Units.

Holders of record of Trust Units as of the close of business on March 17, 2009 are entitled to receive notice of and vote at the Meeting. As of the close of business on March 2, 2009, there were a total of 34,625,000 Trust Units issued and outstanding. No person who becomes a Unitholder after March 17, 2009 will be entitled to vote at the Meeting or any adjournment thereof.

## MATTERS TO BE ACTED UPON AT THE MEETING

### Receipt of Financial Statements

The audited consolidated financial statements of the Fund for the year ended December 31, 2008 (the "**Financial Statements**") will be presented at the Meeting.

### Appointment of Auditors of the Fund

PricewaterhouseCoopers LLP, Chartered Accountants ("**PwC**"), have been acting as auditors of the Fund since its inception. The trustees of ECT (the "**ECT Trustees**"), with the advice of the Audit Committee (as defined herein), recommend the re-appointment of PwC as auditors of the Fund.

**The persons named in the enclosed form of proxy or Voting Instruction Form intend to vote in favour of the resolution appointing PwC as auditors of the Fund to hold office until the next annual meeting of Unitholders or until their successors are appointed, and authorizing the ECT Trustees to fix the remuneration of the auditors, unless the Unitholder who has given the proxy has directed that the Trust Units represented thereby be withheld from voting in respect of the appointment of auditors of the Fund.**

Additional information relating to the Audit Committee and remuneration of PwC is contained in the Fund's Annual Information Form dated February 6, 2009 (the "**AIF**"), under the heading "Fund Trustees, Audit Committee and Management – External Auditor Service Fees". The Fund's AIF is filed on SEDAR at [www.sedar.com](http://www.sedar.com) and a copy of the Fund's AIF is also posted on the Fund's web site, [www.enbridgeincomefund.com](http://www.enbridgeincomefund.com), under the heading "Investor Relations – Reports & Filings".

## **Election of Independent Trustees**

### *Directions to the Fund Trustee*

The Fund is the only holder of voting trust units of ECT (the "**ECT Units**"). Under the Fund Trust Indenture, Unitholders must, by way of an ordinary resolution passed by the affirmative votes of the holders of more than 50% of the votes cast by Unitholders, direct and instruct the Fund Trustee as to the manner in which the Fund Trustee shall vote the ECT Units to elect Independent ECT Trustees (as hereinafter defined).

The amended and restated trust indenture of ECT dated as of May 1, 2006 and subsequently amended as of November 5, 2007 (the "**ECT Trust Indenture**") provides that there will be not less than five, nor more than 15, ECT Trustees. The ECT Trustees may establish the number of ECT Trustees by resolution and have passed a resolution fixing the number of ECT Trustees at eight. The term of office of each ECT Trustee continues until the next annual meeting of holders of ECT Units or (if an election or appointment of ECT Trustees is not held at such meeting or if such meeting does not occur) the time at which his or her successor is elected or appointed, or earlier if an ECT Trustee otherwise resigns, dies or is removed or disqualified pursuant to the terms of the ECT Trust Indenture.

During the term of the management agreement between ECT and the Administrator dated June 27, 2003 and amended as of May 1, 2006 (the "**Management Agreement**"), the Administrator is entitled to appoint that number of ECT Trustees equal to, in the case where the total number of ECT Trustees is an even number, one half of that total number less one and, in all other cases, one half of that total number rounded down to the nearest whole number. As a result, three of the eight ECT Trustees to serve after the Meeting will be appointed by the Administrator.

The Administrator is also entitled to propose the nominees for the election of the remaining five ECT Trustees, who must be Independent ECT Trustees. At least three of the ECT Trustees must be Independent ECT Trustees as long as the Fund is a reporting issuer (or equivalent) in any jurisdiction in Canada. An "**Independent ECT Trustee**" is an ECT Trustee who is independent of the Administrator and any of its affiliates. Independence, in the ECT Trust Indenture, has the same meaning as given to the term "independence" in National Instrument 58-101 of the Canadian Securities Administrators. Pursuant to the ECT Trust Indenture, the current Independent ECT Trustees must approve the Independent ECT Trustees proposed for election by the Administrator and the Independent ECT Trustees proposed for election herein have been so approved.

### *Independent ECT Trustees Proposed for Election*

The persons named in the enclosed form of proxy or Voting Instruction Form intend to vote in favour of the resolution directing and instructing the Fund Trustee, as the holder of ECT Units, to vote for the election of the five proposed nominees who are independent of the Administrator and whose names are set out below, as Independent ECT Trustees, unless the Unitholder who has given such proxy has directed that the Trust Units represented thereby be withheld from voting on this matter. The Fund Trustee and the Administrator do not contemplate that any of the proposed nominees will be unable to serve as Independent ECT Trustees but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy or Voting Instruction Form reserve the right to vote for another nominee in their discretion.

The five nominees proposed for election as Independent ECT Trustees are listed in the table below. All Independent ECT Trustee nominees are presently ECT Trustees.

Nominee for Election as Independent ECT Trustee	Ordinary Units Beneficially Owned or Controlled <sup>(1)</sup>		Current Public Board Memberships <sup>(2)</sup>		
	2008	2009	Company	Term on Board	Committee/Chair
<b>RICHARD H. AUCHINLECK</b> Calgary, Alberta Trustee Since: 2003 Age: 57	10,000	10,000	ConocoPhillips (integrated energy)	2001-present	Presiding Director Director Affairs (Chair) Executive Committee
			TELUS Corporation (telecom)	2003-present	Corporate Governance (Chair) Pension
Attendance:	Board		5/5		
	Audit Committee		5/5		
Mr. Auchinleck is a member of the Audit Committee of the ECT Board of Trustees. He has been a professional corporate director since 2001, when he retired as President and Chief Executive Officer of Gulf Canada after a 25-year career with Gulf. In addition to his current board memberships, Mr. Auchinleck has also served in the past five years on the board of Red Mile Entertainment, Inc. Mr. Auchinleck holds a Bachelor of Applied Science degree in Chemical Engineering from the University of British Columbia.					
<b>CATHERINE M. (KAY) BEST</b> Calgary, Alberta Trustee Since: June, 2006 Age: 55	-	-	Canadian Natural Resources Limited (oil & gas)	2003-present	Audit (Chair) Compensation
			Superior Plus Income Fund (diversified business trust)	2007-present	Audit
Attendance:	Board		5/5		
	Audit Committee		5/5		
Ms. Best is Chair of the Audit Committee of the ECT Board of Trustees. Ms. Best has been Executive Vice-President, Risk Management and Chief Financial Officer of the Calgary Health Region since 2000 and is responsible for all finance functions. She is a Chartered Accountant and a Fellow of the Chartered Accountants as awarded by the Institute of Chartered Accountants of Alberta. Before joining the Calgary Health Region, Ms. Best worked with Ernst & Young in Calgary for 19 years, the last 10 as Corporate Audit Partner.					
<b>J. LORNE BRAITHWAITE</b> Thornhill, Ontario Trustee Since: 2003 Age: 67	5,000	9,309	Enbridge Inc. (energy transportation & distribution)	1989-present	Corporate Social Responsibility Human Resources & Compensation
			Jannock Properties Limited (real estate development)	2000-present	Audit Compensation Corporate Governance
Attendance:	Board		5/5		
Mr. Braithwaite has been a professional corporate director since 2001, when he retired as President and Chief Executive Officer of Cambridge Shopping Centres Limited, a position he had held since 1978. Mr. Braithwaite is also a director of Bata Shoe Corporation (Chair, Audit Committee and member, Compensation Committee), Enbridge Gas Distribution Inc. (member, Audit Committee), Northern Group Retail Ltd. and SEACAN Realty (Chair of Board), and is Chairman of the Investment Advisory Committee of the Board for the Canada Post Pension Plan. Mr. Braithwaite holds a Masters of Business Administration from the University of Western Ontario.					

Nominee for Election as Independent ECT Trustee	Ordinary Units Beneficially Owned or Controlled <sup>(1)</sup>		Current Public Board Memberships <sup>(2)</sup>		
	2008	2009	Company	Term on Board	Committee/Chair
<b>M. ELIZABETH CANNON</b> Calgary, Alberta Trustee Since: 2003 Age: 46 Attendance: Board	10,000	10,000	-	-	-
Dr. Cannon is Dean of the Schulich School of Engineering at the University of Calgary and was appointed to that position in July, 2006 after over 15 years within the faculty, the last 10 as a Professor of Geomatics Engineering. From 2002 to 2003, Dr. Cannon was also a Special Advisor to the President, University of Calgary where she worked with the President, the Provost and other university leaders to provide advice on the university's academic plan. Dr. Cannon holds a Ph.D., Master of Sciences and Bachelor of Sciences in Geomatics Engineering from the University of Calgary, and a Bachelor of Sciences in Mathematics from Acadia University.					
<b>GORDON G. TALLMAN</b> Calgary, Alberta Trustee Since: 2003 Age: 66 Attendance: Board Audit Committee	10,000	10,000	Big Rock Brewery Ltd. <sup>(3)</sup> (beverages)  Oilsands Quest Inc. (oilsands exploration)  PFB Corporation (building products)	2001-present  2006-present  2002-present	Audit (Chair)  Audit Governance (Chair) Reserves & Resources  Audit Governance (Chair) Compensation & Human Resources

Mr. Tallman is Chairman of the ECT Board of Trustees and a member of the Audit Committee of the ECT Board of Trustees. He has been a professional corporate director since 2002, when he retired as the Senior Vice President, Prairies Region, Royal Bank of Canada, after a 41-year career with the Royal Bank. Mr. Tallman is also a director of two privately held businesses, ECL Group of Companies Ltd. and Enerjet (Chair). In addition to his current public company board memberships, Mr. Tallman has also served in the past five years on the board of CV Technologies Inc. (Chair until October 31, 2008), Canadian Utilities Limited, Mount Royal College Foundation and Investment Saskatchewan Inc. Mr. Tallman is a recent graduate of the Directors' Education Program, Corporate Governance College of the Institute of Corporate Directors.

Notes:

- (1) The information contained in the preceding table as to Trust Units beneficially owned or controlled is not within the knowledge of the Fund or the Administrator, has been provided by the respective nominees individually, and is effective as of March 3, 2008 and March 2, 2009, as applicable.
- (2) Companies identified are only those listed on a North American stock exchange and exclude ECT.
- (3) Big Rock Brewery Ltd. is a subsidiary of Big Rock Income Trust.

*Manager Trustee Appointees*

Under the terms of the ECT Trust Indenture, the Administrator is entitled to appoint three ECT Trustees (the "**Manager Trustees**") who, together with the Independent ECT Trustees elected at the Meeting, will comprise all of the ECT Trustees. The following table sets forth certain information with respect to the Manager Trustees to be re-appointed effective as of the date of the Meeting:

Manager Trustee Appointees	Ordinary Units Beneficially Owned or Controlled <sup>(1)</sup>		Current Public Board Memberships <sup>(2)</sup>		
	2007	2008	Company	Term on Board	Committee/Chair
<b>J. RICHARD BIRD</b> Calgary, Alberta Trustee Since: 2002 Age: 59 Attendance: Board	110,000 <sup>(3)</sup>	110,000 <sup>(3)</sup>	Bird Construction Income Fund (formerly Bird Construction Company Limited) (construction) 5/5	1987-present	Audit Personnel and Safety
Mr. Bird has been Executive Vice President, Chief Financial Officer and Corporate Development of Enbridge Inc. since January, 2008 and has been a senior executive officer of Enbridge Inc. for over 12 years. Mr. Bird joined Enbridge in 1995 after holding senior financial and corporate development executive positions at a number of other companies. Mr. Bird is also a director of Enbridge Pipelines Inc. and Enbridge Gas Distribution Inc. Mr. Bird holds a Bachelor of Arts from the University of Manitoba, and a Masters of Business Administration and Ph.D. from the University of Toronto. Mr. Bird is also a graduate of the Advanced Management Program at the Harvard Business School.					
<b>DAVID T. ROBOTOM</b> Calgary, Alberta Trustee Since: June, 2006 Age: 55 Attendance: Board	-	-	Gaz Métro inc. <sup>(4)</sup> (energy distribution) 5/5	2006-present	Executive
Mr. Robottom has been Group Vice President, Corporate Law, Enbridge Inc. since June 2006, responsible for Enbridge's corporate legal function. Immediately prior to joining Enbridge, Mr. Robottom was a senior partner with Stikeman Elliott LLP, a major Canadian law firm, from February 2004 to May 2006. Prior thereto, Mr. Robottom was a senior partner at Fraser Milner Casgrain LLP, another national Canadian law firm, and served as Chief Executive Officer of that firm from February 1999 to February 2003. Mr. Robottom holds Bachelor of Commerce (With Distinction), Master of Business Administration and Bachelor of Laws degrees and is a graduate of the Advanced Management Program at the Harvard Business School.					
<b>STEPHEN J. WUORI</b> Calgary, Alberta Trustee Since: 2003 Age: 51 Attendance: Board	5,000	5,000	Enbridge Energy Company, Inc. <sup>(5)</sup> (pipeline) Enbridge Energy Management, L.L.C. <sup>(5)</sup> (pipeline) 4/5	2008 - present	- -
Mr. Wuori has been Executive Vice President, Liquids Pipelines of Enbridge Inc. since January, 2008 and has been a senior executive officer of Enbridge Inc. for over 10 years. Mr. Wuori is also a director of Enbridge Pipelines Inc. Mr. Wuori has over 28 years of operations and business experience at Enbridge, and holds a Bachelor of Science (Civil Engineering) from Michigan Technological University and is a graduate of the Advanced Management Program at the Harvard Business School.					

Notes:

- (1) The information contained in the preceding table as to Trust Units beneficially owned or controlled is not within the knowledge of the Fund or the Administrator, has been provided by the respective appointees individually, and is effective as of March 3, 2008 and March 2, 2009, as applicable.
- (2) Companies identified are only those listed on a North American stock exchange and exclude ECT.
- (3) Mr. Bird is not the beneficial owner of 25,000 of these ordinary units, which are held by 933672 Ontario Inc. Mr. Bird exercises control and direction over these ordinary units.
- (4) Gaz Métro inc. is the general partner of Gaz Métro Limited Partnership.
- (5) Enbridge Energy Company, Inc. and Enbridge Energy Management, L.L.C. are the general partner and delegate of the general partner, respectively, of Enbridge Energy Partners, L.P.

### *Interlocking Board Memberships*

The following table lists the ECT Trustees and proposed nominees for election or appointment as ECT Trustees who served together as directors on the boards of other corporations or entities during the financial year ended December 31, 2008.

<b>Director/Trustee</b>	<b>Corporation/Entity <sup>(1)</sup></b>	
	Enbridge Gas Distribution Inc.	Enbridge Pipelines Inc.
J.R. Bird	✓ <sup>(2)</sup>	✓
J.L. Braithwaite	✓	
S.J. Wuori	✓ <sup>(2)</sup>	✓

Notes:

- (1) Companies identified are only those either listed on a North American stock exchange or having reporting issuer (or US equivalent) status and exclude ECT.
- (2) Effective January 9, 2008, Mr. Wuori resigned as a director of Enbridge Gas Distribution Inc., and Mr. Bird was appointed as a director.

### *Additional Disclosure Relating To ECT Trustees*

To the knowledge of the Administrator, the following nominee proposed for election as an ECT Trustee is a director of a company that was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days: Mr. Tallman was a director of CV Technologies Inc. when it became subject to a cease trade order issued by the Alberta Securities Commission on April 19, 2007 for failure to file financial statements. Similar cease trade orders were issued by the Ontario Securities Commission and the British Columbia Securities Commission. The Alberta Securities Commission revoked the cease trade order on June 22, 2007, and the Ontario Securities Commission and the British Columbia Securities Commission followed with similar revocations shortly thereafter. Mr. Tallman is no longer a director of CV Technologies Inc.

### **The Rights Plan Resolution**

The Fund has a Unitholder Rights Plan (the "**Rights Plan**"), originally implemented on June 30, 2003 under the terms of the Unitholder Rights Plan Agreement (the "**Rights Plan Agreement**") dated effective as of June 30, 2003, between the Fund and CIBC Mellon Trust Company, as Rights Agent (the "**Rights Agent**"). The Rights Plan Agreement provides, among other things, that to remain in force, it must be reconfirmed by resolution passed by greater than 50% of the votes cast by all holders of Trust Units who vote in respect of such reconfirmation at every third annual meeting of Unitholders following its effective date.

The Fund has reviewed its Rights Plan for conformity with current practices with respect to market standards for shareholder and unitholder rights plan design and has determined that since May 2006, when the Rights Plan was last renewed by the Unitholders, there have been limited material changes to the market standard for rights plans. On February 6, 2009, the ECT Trustees resolved to continue the Rights Plan with minor amendments by approving the Rights Plan Agreement in the form to be amended and restated as of May 4, 2009 (the "**2009 Rights Plan Agreement**"). The Rights Plan embodied in the 2009 Rights Plan Agreement is the same in all material respects as the prior Rights Plan, apart from certain changes to clarify the application of the Rights Plan in the circumstances of a rights offering by the Fund, which changes are discussed in Appendix "B" to this Circular under the heading "Summary of the Rights Plan – Principal Terms – Rights Exercise Privilege".

Unitholders will be asked at the Meeting to consider and, if deemed advisable, to approve, by a simple majority of votes cast at the Meeting, a resolution, the text of which is set forth in Appendix "B" of this Circular (the "**Rights Plan Resolution**"), to continue, ratify, confirm and approve the 2009 Rights Plan Agreement, as amended and restated. **For the Rights Plan to continue in effect after the Meeting, the Rights Plan Resolution must be passed by the Unitholders. If the Rights Plan Resolution is not passed by the Unitholders, the Rights Plan will terminate.**

Appendix "B" also sets out the background to the Rights Plan and the Fund's AIF contains a summary of the principal terms of the Rights Plan under the heading "Description of the Fund - Unitholders Rights Plan". The Fund's AIF is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Fund's web site at [www.enbridgeincomefund.com](http://www.enbridgeincomefund.com) under the heading "Investor Relations – Reports & Filings".

The ECT Trustees have determined that the 2009 Rights Plan Agreement is in the best interest of the Fund and the Unitholders and unanimously recommend that Unitholders vote in favour of the Rights Plan Resolution.

**Unless specified in a form of proxy or Voting Instruction Form, or by telephone or internet voting instructions, that the Trust Units represented by the proxy shall be voted against the Rights Plan Resolution, it is the intention of the persons designated in the enclosed proxy or Voting Instruction Form to vote FOR the approval of the Rights Plan Resolution.**

## REMUNERATION OF FUND TRUSTEE AND ECT TRUSTEES

Pursuant to the Fund Trust Indenture, the Fund Trustee is entitled to receive for its services as the trustee of the Fund: (i) such reasonable compensation as shall be negotiated between the Administrator on behalf of the Fund and the Fund Trustee; (ii) reimbursement of the Fund Trustee's reasonable out-of-pocket expenses incurred in acting as the trustee of the Fund; and (iii) fair and reasonable remuneration for services rendered to the Fund in any other capacity, which services may include, without limitation, services as the transfer agent for the Fund or any Trust Units. For the services rendered as trustee and registrar and transfer agent to the Fund and services rendered as trustee under a note indenture of ECT during the year ended December 31, 2008, the Fund Trustee was paid approximately \$46,000 (2007 - \$48,000).

Pursuant to the ECT Trust Indenture, the Independent ECT Trustees are entitled to receive for their services as ECT Trustees such reasonable compensation as the ECT Trustees may determine from time to time, as well as reimbursement of their out-of-pocket expenses incurred in acting as ECT Trustees. The Manager Trustees are not entitled to receive any remuneration for their services as ECT Trustees, but are entitled to reimbursement from ECT of their out-of-pocket expenses incurred in acting as ECT Trustees.

In May of 2008, the compensation plan for the ECT Trustees was amended, with effect as of April 1, 2008, after a review of the then existing plan and trustee or director compensation in 2007 at a comparator group of income funds and limited partnerships. The following table sets forth the various retainers and fees and the amounts of such retainers and fees payable to the Independent ECT Trustees during the twelve-month period ended December 31, 2008:

Description	Current Rate (effective April 1, 2008)	Former Rate (prior to April 1, 2008)
Trustee Retainer	\$25,000 per annum	\$20,000 per annum
Chair of the Board Retainer	\$20,000 per annum	\$15,000 per annum
Audit Committee Chair Retainer	\$12,500 per annum	\$10,000 per annum
Meeting Fee <sup>(1)</sup>	\$1,250 per meeting	\$1,250 per meeting
Telephone Meeting Fee	None	None
Travel Fee <sup>(2)</sup>	\$1,500 per meeting	\$1,500 per meeting

Notes:

- (1) Meeting fee is paid for attendance at board or committee meetings or while otherwise engaged in business related to Enbridge Income Fund.
- (2) Travel fee is paid to a trustee who travels out of their principal province of residence to attend a board or committee meeting.

## Trustee Compensation Table

During the year ended December 31, 2008, ECT provided the Independent ECT Trustees with the following compensation, in accordance with the rules and compensation plan described above, for serving in their respective capacities as ECT Trustees and members of committees of the ECT Trustees:

Name	Fees Earned / Total Compensation <sup>(1)</sup> (\$)
Richard H. Auchinleck	36,250
Catherine M. (Kay) Best	48,125
J. Lorne Braithwaite	30,000
M. Elizabeth Cannon	30,000
Gordon G. Tallman	55,000

Note:

(1) During 2008, Independent ECT Trustee compensation included only the fee-based compensation listed above and did not include any share-based awards, option-based awards, non-equity incentive plan compensation, pension, or other compensation.

The ECT Trustees have established a voluntary minimum ownership guideline requiring each trustee to hold a personal investment in Trust Units with a value equal to four times the annual trustee retainer and that they attain the target ownership level within a period of four years from the date of the approval of the guideline (May 3, 2004), or the date of their election or appointment, whichever is later. Information regarding ECT Trustee ownership of Trust Units is set forth earlier in this Circular under the heading "Election of Independent Trustees".

## MANAGEMENT OF THE FUND AND ECT

The Fund Trustee has no active role in the management of the Fund and there are no individual trustees of the Fund itself. Responsibility for the management and administration of the Fund has been generally delegated to the Administrator pursuant to the administrative services agreement among the Fund, the Fund Trustee, the Administrator and ECT dated June 27, 2003 and amended as of May 1, 2006 (the "**Administration Agreement**"). The authority of the Fund Trustee has generally been delegated to the ECT Trustees pursuant to the Fund Delegation Agreement and to the Administrator pursuant to the Administration Agreement.

Day-to-day management and general administration of ECT itself has been delegated to the Administrator pursuant to the management agreement between the Administrator and ECT dated June 27, 2003 and amended as of May 1, 2006 (the "**Management Agreement**"). None of the Fund, ECT or any of their respective wholly-owned subsidiaries has any employees. Consequently, these businesses, including the business of one of ECT's two largest operating investments, Enbridge Pipelines (Saskatchewan) Inc. and its subsidiaries ("**Enbridge Saskatchewan**"), are managed and operated through service agreements with the Administrator and, in some cases, affiliates of the Administrator as described below.

Alliance Pipeline Limited Partnership ("**Alliance Canada**") is ECT's other largest operating investment, in which ECT holds an indirect 50% interest. There is no service agreement between the Administrator and Alliance Canada since Alliance Canada is managed by its general partner, Alliance Pipeline Ltd., which has a management team and staff of its own. From the Fund's perspective, governance oversight for Alliance Canada is accomplished through representation of the Administrator on the Alliance Canada board and the ECT Trustees' role in overseeing the management activities of the Administrator.

Management oversight for ECT's other investments, including its 50% and 33% interests in the businesses comprising its Green Power segment, is accomplished through representation, along with the other respective arm's length third party owners of each business in proportion to each owner's respective ownership interest, on the various boards and management committees of those businesses. Based on its representative participation on these boards and committees, the Administrator oversees the management and operations of the Green Power businesses and reports to the ECT Trustees, to fulfil the Fund's own governance oversight requirements. Day-to-day operation of the wind power businesses in the Green Power segment rests with other owners of the projects in each case except for the 50% owned SunBridge Wind Power Project, which the owners have agreed will be operated on a day-to-day basis by employees of Enbridge Pipelines Inc., an affiliate of the Administrator. Alliance Canada operates the waste heat power generation business included in the Green Power segment, as the existing facilities for that business are located along the Alliance Canada pipeline.

### **Administration Agreement**

Pursuant to the Administration Agreement, the Administrator has agreed to provide general administrative and support services to the Fund to administer the operations of the Fund including, without limitation, those necessary to: (i) ensure compliance by the Fund with its continuous disclosure obligations under applicable securities legislation; (ii) provide investor relations services; (iii) prepare and cause to be provided to Unitholders all information to which Unitholders are entitled under the Fund Trust Indenture and under applicable laws; (iv) call and hold meetings of Unitholders and prepare, approve and arrange for the distribution of required materials, including notices of meetings and information circulars, in respect of all such meetings; (v) compute, determine and direct distributions to Unitholders; (vi) attend to all administrative and other matters arising in connection with any redemptions of Trust Units; and (vii) undertake and perform all acts, duties and responsibilities in connection with acquiring or disposing of assets and property for and on behalf of the Fund of whatever nature or kind.

In consideration for providing the services under the Administration Agreement, the Administrator receives a base fee of \$50,000 per annum, subject to annual adjustment for inflation. The Administrator is also entitled to be reimbursed for all out-of-pocket and third party fees, costs and expenses reasonably incurred by the Administrator or its affiliates in carrying out the Administrator's obligations and duties under the Administration Agreement. The reimbursement of Fund expenses to the Administrator is not intended to provide the Administrator with any financial gain or loss. During the year ended December 31, 2008, the Administrator received a base fee of \$58,380 (2007 - \$56,184) pursuant to the Administration Agreement.

The Administration Agreement has an initial 20-year term and is automatically renewable for additional successive terms of five years, unless terminated earlier by the Administrator. The Administration Agreement may be immediately terminated by either party in the event of: (i) certain events of insolvency, receivership or liquidation of the other party; (ii) the termination of the Management Agreement; or (iii) a breach by the other party in the performance of a material obligation under the Administration Agreement (other than as a result of the occurrence of a force majeure event) which is not remedied within 60 days after notice of such breach has been delivered, or when not reasonably capable of being remedied within 60 days after notice thereof has been delivered, such party fails to commence and diligently pursue steps to remedy such breach, and such termination has been authorized by a resolution passed by more than 50% of the Unitholders entitled to vote on such resolution, whether cast in person or by proxy, at a meeting of Unitholders, at which a quorum was present.

### **Management Agreement**

Pursuant to the Management Agreement, the Administrator has agreed to provide all aspects of management and general administration to ECT, including, without limitation: (i) overseeing the business and affairs of ECT and reporting to the ECT Trustees with respect thereto at such times as may be requested from time to time by the ECT Trustees; (ii) developing, implementing and monitoring a strategic plan for ECT; (iii) developing acquisition strategies and investigating potential acquisitions and analyzing the feasibility of potential acquisitions; (iv) carrying out acquisitions or dispositions and related financings; (v) preparing an annual management plan for approval by the ECT Trustees; (vi) assisting in connection with any financing of ECT or its affiliates; (vii) assisting ECT with the preparation, planning and coordinating of meetings of the ECT Trustees; and (viii) providing oversight and direction of the investments in Alliance Canada, Alliance Pipeline Ltd. (the general partner of Alliance Canada) and

Enbridge Saskatchewan, including through representation on the boards of directors of Alliance Pipeline Ltd., Enbridge Saskatchewan and other investments of ECT from time to time.

In consideration for providing the services under the Management Agreement, the Administrator receives: (i) a base fee of \$50,000 per annum, subject to annual adjustment for inflation; and (ii) an annual incentive fee equal to 25% of the amount by which the cash distributions to Unitholders in respect of the applicable year exceeds \$0.825 per Trust Unit. The Administrator is also entitled to be reimbursed for all out-of-pocket and third party fees, costs and expenses reasonably incurred by the Administrator or its affiliates in carrying out the Administrator's obligations and duties under the Management Agreement. The reimbursement of ECT expenses to the Administrator is not intended to provide the Administrator with any financial gain or loss. During the year ended December 31, 2008, the Administrator received a base fee of \$58,380 (2007 - \$56,184) and an incentive fee of approximately \$5.0 million (2007 - \$3.3 million) pursuant to the Management Agreement.

The Management Agreement has an initial 20-year term and is automatically renewable for additional successive terms of five years unless terminated earlier by the Administrator. The Management Agreement may be immediately terminated, without compensation, by either party on the occurrence of: (i) certain events of insolvency, receivership or liquidation of the other party; (ii) the termination of the Administration Agreement; or (iii) a breach by the other party in the performance of a material obligation under the Management Agreement (other than as a result of the occurrence of a force majeure event) which is not remedied within 60 days after notice of such breach has been delivered, or when not reasonably capable of being remedied within 60 days after notice thereof has been delivered, such party fails to commence and diligently pursue steps to remedy such breach, and such termination has been authorized by a resolution passed by more than 50% of the Unitholders entitled to vote on such resolution, whether cast in person or by proxy, at a meeting of Unitholders at which a quorum was present. ECT may also terminate the Management Agreement, without compensation, if there is a substantial deterioration in the business of ECT rendering its performance to be materially below the performance of similar income trusts in Canada, the substantial deterioration is caused by the Administrator (and not by reasons outside the Administrator's control) and the Administrator fails to remedy the reason for the deterioration in performance, as identified by the ECT Trustees, by the later of the date that is three months after the ECT Trustees notify the Administrator of the performance issue in writing and the date on which the Unitholders approve the termination, on a 66⅔% basis, by written resolution or vote at a meeting of Unitholders at which a quorum was present.

### **GP Services Agreement**

Pursuant to a services agreement dated June 30, 2003 between the Administrator and Enbridge Income Partners GP Inc. (the "**GP Services Agreement**"), the Administrator has agreed to provide Enbridge Income Partners GP Inc. ("**GP**"), the general partner of Enbridge Income Partners LP, with all services as may be required or advisable, from time to time, in order to operate and administer the business of GP. The GP Services Agreement had an initial five-year term and has been renewed pursuant to its terms for a subsequent five-year renewal term.

In consideration for providing services to GP under the GP Services Agreement, the Administrator will receive a fee equal to 115% of its costs and expenses reasonably incurred in the course of providing such services. During the year ended December 31, 2008, the Administrator received fees of \$5,004 (2007 - \$5,004) pursuant to the GP Services Agreement.

### **Saskatchewan Agreement**

Pursuant to a services agreement dated June 30, 2003 among the Administrator, Enbridge (Saskatchewan) Operating Services Inc. (an affiliate of the Administrator) ("**ESOSI**") and Enbridge Saskatchewan (the "**Saskatchewan Services Agreement**"), the Administrator has retained the services of ESOSI to provide Enbridge Saskatchewan with all services as may be required or advisable, from time to time, in order to operate and administer the business of Enbridge Saskatchewan, including, without limitation, pipeline operating services and general and administrative services. The Saskatchewan Services Agreement had an initial five-year term and has been renewed pursuant to its terms for a subsequent five-year renewal term.

In consideration for providing services to Enbridge Saskatchewan under the Saskatchewan Services Agreement, ESOSI receives an amount equal to all costs and expenses reasonably incurred in the

course of providing such services. The amounts paid under the Saskatchewan Services Agreement are not intended to provide ESOSI with any financial gain or loss. During the year ended December 31, 2008, ESOSI received payments of \$15.5 million (2007 - \$12.7 million) pursuant to the Saskatchewan Services Agreement.

### The Administrator

The Administrator is a wholly-owned subsidiary of Enbridge Inc. The head office of the Administrator is located at 3000, 425 – 1<sup>st</sup> Street S.W., Calgary, Alberta, T2P 3L8.

The following individuals are the directors and senior officers of the Administrator:

<b>Name and municipality of residence</b>	<b>Position with the Administrator</b>	<b>Principal occupation</b>
J. Richard Bird Calgary, Alberta	Director	Executive Vice President, Chief Financial Officer & Corporate Development, Enbridge Inc.
Stephen J. Wuori Calgary, Alberta	Director	Executive Vice President, Liquids Pipelines, Enbridge Inc.
David T. Robottom Calgary, Alberta	Director	Group Vice President, Corporate Law, Enbridge Inc.
James A. Schultz Calgary, Alberta	President	Senior Vice President, New Ventures, Enbridge Inc.
John K. Whelen Calgary, Alberta	Vice President, Business Development & Chief Financial Officer	Senior Vice President, Corporate Development Enbridge Inc.
David K. Wudrick Calgary, Alberta	Treasurer	Director, Treasury, Enbridge Inc.
Angela J. Bargaen Calgary, Alberta	Controller	Director, Financial Reporting, Enbridge Inc.
James E.R. Lord Calgary, Alberta	Corporate Secretary	Senior Legal Counsel, Enbridge Inc.

## EXECUTIVE COMPENSATION

Neither the Fund nor any of its wholly-owned subsidiary entities have any employees. All services necessary to operate the Fund and its wholly-owned subsidiary entities are provided by the Administrator or its affiliates through the various agreements described in "Management of the Fund and ECT". All of the officers and directors of the Administrator are employees of Enbridge Inc. The compensation of the Administrator's officers and directors is determined and paid exclusively by Enbridge Inc. and does not impact the financial position of the Fund, the Administrator or any of their respective subsidiaries.

For a discussion of the executive compensation for Enbridge Inc., the parent corporation of both the Administrator and ESOSI and the sponsor of the Fund, readers are referred to the Management Information Circular of Enbridge Inc. most recently filed with Canadian securities commissions, which contains comprehensive executive compensation disclosure for that corporation.

For a discussion of the executive compensation for Enbridge Pipelines Inc., readers are referred to the Annual Information Form of Enbridge Pipelines Inc. most recently filed with Canadian securities commissions. This document includes comprehensive executive compensation disclosure for the executive management of Enbridge Pipelines Inc., which includes Mr. J. Richard Bird, Mr. Stephen J. Wuori and Ms. Cynthia L. Hansen, the individuals who, among other roles within Enbridge Inc. and Enbridge Pipelines Inc., effectively served as the senior executive and financial officers of Enbridge

Saskatchewan during the 2008 fiscal year, through their respective positions as either the Chair or Vice President of Enbridge Pipelines (Saskatchewan) Inc.

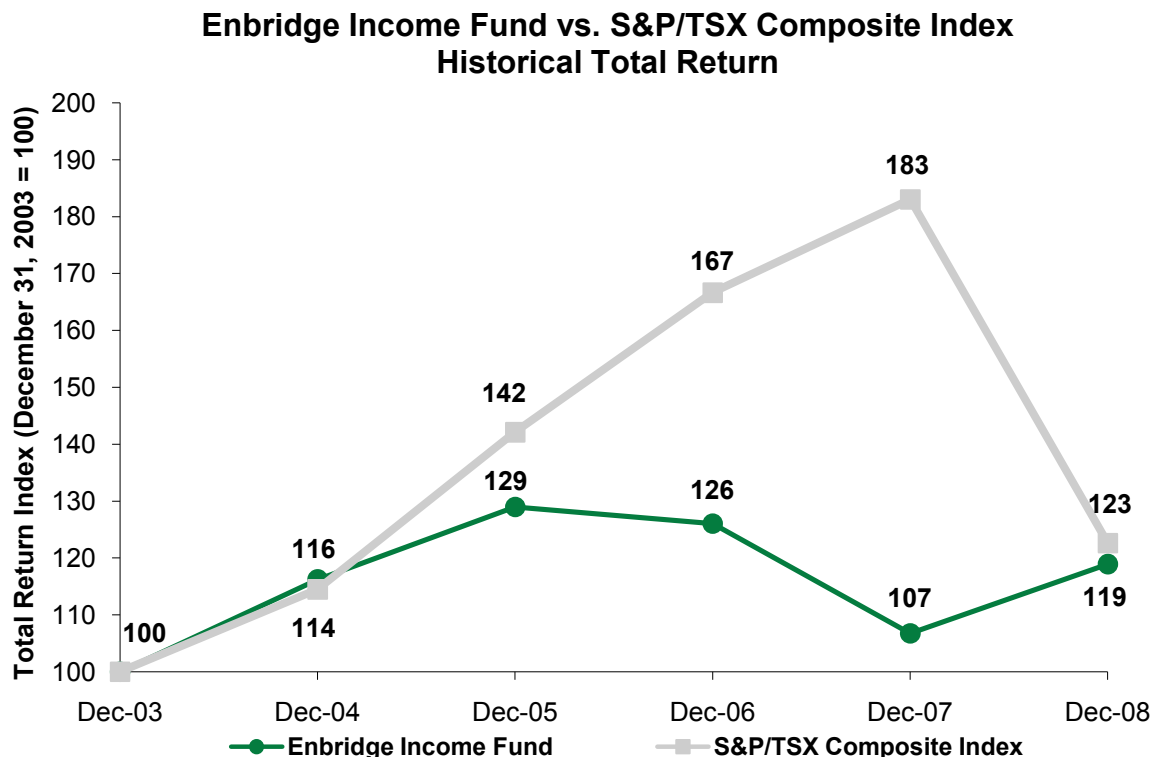
The fee payable from Enbridge Saskatchewan to ESOSI pursuant to the Saskatchewan Services Agreement described in "Management of the Fund and ECT – Saskatchewan Agreement" includes an amount that is indirectly attributable to the reimbursement of certain corporate head office expenses for Enbridge Pipelines Inc. and Enbridge Inc. No part of this corporate overhead reimbursement amount is directly attributable to the salary or remuneration for services of any particular individual and to the knowledge of the Administrator, after inquiry, on average less than 1.56% of the salary of any individual corporate office employee of either of these corporations, including executive managers, is indirectly included in the Saskatchewan Services Agreement fee payable by Enbridge Saskatchewan.

Both the Management Information Circular of Enbridge Inc. and the Annual Information Form of Enbridge Pipelines Inc. are filed with Canadian securities regulators and available for reference on SEDAR.

The Fund holds a 50% interest in its largest business investment, Alliance Canada, which is a reporting issuer in all of the provinces of Canada. Information with respect to the remuneration and indebtedness of Alliance Canada's directors and senior officers is contained in Appendix "A" to this Circular. The information contained in Appendix "A" to this Circular has been provided by Alliance Canada, as at March 2, 2009. As the information has been provided by a third party source, neither the Administrator or the ECT Trustees assume any responsibility for the accuracy or completeness of such information, although they have no reason to believe that Appendix "A" contains any inaccuracy or is incomplete.

### PERFORMANCE GRAPH

The following chart compares the Fund's total unitholder return (assuming reinvestment of distributions) for an individual who invested \$100 in ordinary units of the Fund on December 31, 2003 with the cumulative total return of the S&P/TSX Composite Index for the five-year period ended December 31, 2008.



As indicated in Management's Discussion & Analysis for the Fund's financial year ended December 31, 2008, the Fund's objectives are to provide a predictable flow of distributable cash and to increase, where prudent, cash distributions on a per Trust Unit basis. Since the variable component of the Manager's compensation, the incentive fee discussed above, is directly linked to the amount of cash distributions made to Unitholders, the Manager's incentive fee has increased over the relevant five-year period in proportion to the periodic increases to Unitholder distributions during the same period. Generally speaking, executive compensation at Alliance Canada reflects a trend of relatively stable cash distributions to its owners. Additional information about the Manager's incentive fee compensation is included in this Circular under the heading "Management of the Fund and ECT – Management Agreement" and additional information about Alliance Canada executive compensation is included in Appendix "A".

Due largely to the emphasis on cash distributions at ECT and Alliance Canada and to significant external legislative and economic influences during the period charted above, such as the imposition of the Canadian Federal government's Tax Fairness Plan in late 2006 and the current economic and market turmoil, the Manager's compensation and that of Alliance Canada executives correlates more closely to cash distribution trends than to overall unitholder return trends. However, the Manager believes that the stability of the Fund's cash distributions was a significant factor contributing to a positive return for the Fund's Unitholders during the past year, relative to the general market trend.

### **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed in this Circular and in the consolidated financial statements of the Fund for the fiscal period ended December 31, 2008, the Fund is not aware of any material interest of any current or proposed ECT Trustee, or the Administrator or its affiliates or their respective directors or officers, or any other "informed person" (as that term is defined in National Instrument 51-102 *Continuous Disclosure Obligations*), in any transaction since December 31, 2008, or in any proposed transaction, that has materially affected or will materially affect the Fund.

### **INDEBTEDNESS**

At no time since the formation of the Fund did any current or former ECT Trustee or current or former director or officer of the Administrator, or any associate of any such person, owe any indebtedness to the Fund or owe any indebtedness to any other entity which is, or any time has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Fund.

### **LIABILITY INSURANCE**

The Fund maintains insurance for the benefit of the trustees, directors and officers of the Fund, ECT and Enbridge Income Partners LP and their respective subsidiaries and the directors and officers of the Administrator, as a group, in connection with the performance by them of the duties of their offices. The total annual amount of insurance coverage available is US \$40 million per claim and policy aggregate, with a US \$200,000 deductible for each claim (payable by the Fund) for which the Fund grants indemnification. The insurance premium for the policy period from June 30, 2008 to June 30, 2009, paid by the Fund, was US \$155,750 (2007 - US \$172,500).

### **THE FUND'S GOVERNANCE PRACTICES**

The Administrator and the ECT Trustees are committed to maintaining a high standard of corporate governance for the Fund. The Administrator and the ECT Trustees have continued to assess the Fund's governance policies and practices in light of regulatory initiatives in Canada that have been adopted to improve corporate governance, as well as the evolving standards and expectations for governance in the Canadian capital markets.

The primary national governance-related regulatory initiatives in Canada are National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201"). NI 58-101 requires issuers to disclose the corporate

governance practices that they have adopted. NP 58-201 provides guidance on governance practices. The Fund is also subject to National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"), which prescribes certain requirements in relation to audit committees.

The Fund's governance practices were thoroughly reviewed in response to the initial implementation of NI 58-101, NP 58-201 and NI 52-110 and the Administrator and the ECT Trustees continue to review its governance practices on an annual and ongoing basis, in reference to evolving standards and expectations. The Administrator and the ECT Trustees are of the view that the Fund's governance structures, systems and practices generally conform with the guidelines in NP 58-201 (the "**Guidelines**"), to the extent consistent with the structure of the Fund and ECT and the terms of the Fund Trust Indenture, the ECT Trust Indenture and the other agreements to which the Fund and ECT are parties.

Disclosure of the Fund's governance practices, as required by NI 58-101, is set out below.

### **General**

In exercising its powers and discharging its duties under the Administration Agreement and the Fund Trust Indenture, the Administrator is required to act with the same degree of diligence and care that a reasonably prudent administrator of an income fund in Canada, having responsibilities of a similar nature to those set forth in the Administration Agreement and the Fund Trust Indenture, would exercise in comparable circumstances. Similar obligations are placed on the Administrator in respect of the discharge of its duties under the Management Agreement and the ECT Trust Indenture. Both the Administration Agreement and Management Agreement are filed and available for reference on SEDAR and also described more fully elsewhere in this Circular under "Management of the Fund and ECT".

The ECT Trustees have duties as contemplated in the ECT Trust Indenture. The ECT Trustees review, monitor and approve the annual management plan and any strategic plan prepared by the Administrator. They must also review and approve any material deviations from a previously approved management or strategic plan that are proposed by the Administrator. The ECT Trustees have also assumed responsibility for understanding the principal risks associated with the Fund's business and for annually reviewing the implementation of risk management systems with the Administrator.

The Audit Committee of the ECT Trustees has also engaged the services of the Enbridge Inc. Internal Audit Services group, under an Audit Services Agreement between ECT and Enbridge Inc. dated as of February 23, 2005, to provide internal audit services directly to ECT and the Fund and support the ECT Trustees in their governance-related duties. Under this agreement, the service provider is responsible for using a systematic and disciplined approach to independently evaluate and recommend improvements to the effectiveness of ECT and the Fund's risk management, control and governance processes.

While day-to-day management of the Fund and ECT has mainly been generally delegated to the Administrator, the ECT Trustees fulfill their responsibility for the broader stewardship of the Fund and ECT's assets through the structures, activities and procedures described in this section.

### **1. The ECT Board of Trustees**

- (a) The ECT Trust Indenture provides that there will be not less than five, nor more than 15, ECT Trustees. There are currently eight ECT Trustees in total, including five Independent ECT Trustees, and it is proposed that there will be the same number of ECT Trustees and Independent Trustees after the Meeting. The Independent ECT Trustees are, by way of instructions to the Fund's Trustee, elected annually by the Unitholders and must be independent of the Administrator. The ECT Trustees adopted a Trustee Retirement Policy during 2008, which prescribes generally that ECT Trustees will retire at the next annual meeting of Unitholders after their 70<sup>th</sup> birthday. An ECT Trustee may remain on the board for an additional two years by request, with unanimous ECT Trustee approval. Additional information about the Independent ECT Trustees and the process by which they are nominated and elected is included elsewhere in this Circular under "Matters to be Acted Upon at the Meeting - Election of Independent Trustees".

- (b) Three of the ECT Trustees are appointees of the Administrator and, as a result, are not considered independent. Additional information about these Manager Trustees is included elsewhere in this Circular under "Matters to be Acted Upon at the Meeting - Election of Independent Trustees".
- (c) A majority of five of the current eight ECT Trustees are independent. The Fund's contractual governance structures also follow and reinforce the Guideline that a majority of ECT Trustees should be independent. The ECT Trust Indenture requires, among other things, that a majority of the ECT Trustees be Independent ECT Trustees and that the nominees proposed for election as Independent ECT Trustees must be approved by the Independent ECT Trustees then in office.
- (d) Some ECT Trustees are also directors of other public issuers. Additional information about these outside directorships is included elsewhere in this Circular under "Matters to be Acted Upon at the Meeting - Election of Independent ECT Trustees".
- (e) The Independent ECT Trustees have adopted a practice of meeting *in camera*, both with the Manager Trustees but without any of the Administrator's management team in attendance, and also without either the Administrator's management team or the Manager Trustees in attendance, as a routine part of each regularly scheduled ECT board meeting. During the Fund's most recently completed financial year, the Independent ECT Trustees held five such *in camera* meetings. Depending on the substance of the discussion at these *in camera* meetings, the Independent ECT Trustees will generally either communicate the outcome of the meeting directly to the Manager Trustees, the officers of the Administrator, or both, after the *in camera* session or at a subsequent meeting. The members of the Audit Committee, all of whom are Independent ECT Trustees, also hold an *in camera* session at the end of each Audit Committee meeting, where they meet with the internal audit services provider, the Fund's external auditor and as a committee, alone.
- (f) On August 18, 2003, the ECT Trustees appointed Mr. G.G. Tallman, an Independent ECT Trustee, as Chair of the ECT Board of Trustees (the "**Board**"). The Chair of the Board, as the presiding Board member manages the affairs of the Board to achieve effective relations with Board members, unitholders, stakeholders and the public, together with the Committees of the Board as constituted from time to time, the ECT Trustees and the Administrator.
- (g) Information about the Board and committee meeting attendance record of each ECT Trustee and Audit Committee member is included elsewhere in this Circular under "Matters to be Acted Upon at the Meeting - Election of Independent ECT Trustees".

## 2. **Board Mandate**

The ECT Board of Trustees has adopted Terms of Reference for the Board of Trustees, a current copy of which is filed on SEDAR and available for reference on the Fund's website, [www.enbridgeincomefund.com](http://www.enbridgeincomefund.com), under the heading "Governance – Trustees – Board of Trustees Terms of Reference".

## 3. **Position Descriptions**

- (a) The ECT Board of Trustees has included position descriptions for the Chair of the Board and the Chair of the Audit Committee in the respective Terms of Reference for the Board of Trustees and Audit Committee. A copy of the Terms of Reference for the ECT Board of Trustees is filed on SEDAR and available for reference on the Fund's website, [www.enbridgeincomefund.com](http://www.enbridgeincomefund.com), under the heading "Governance – Trustees – Board of Trustees Terms of Reference" and a copy of the Terms of Reference for the Audit Committee of the ECT Board of Trustees is included on the Fund's website under the heading "Governance – Audit Committee – Audit Committee Terms of Reference" and as Appendix "A" to the Fund's AIF.
- (b) There is no CEO of the Fund or ECT, although there is a Chairman of the ECT Trustees, who is an Independent ECT Trustee. It is not considered necessary to have a specific position description for the President of the Administrator since the scope and substance of the

Administrator's duties and limits on those duties are set out in the Administration Agreement and the Management Agreement, each of which are filed on SEDAR and discussed elsewhere in this Circular under "Management of the Fund and ECT".

#### **4. Orientation and Continuing Education**

- (a) Following their appointment on June 30, 2003, each of the original ECT Trustees received presentations on the business and operations of the Fund's two principal assets, Alliance Canada and the Enbridge Saskatchewan System. ECT Trustees appointed since that time have also received similar presentations, as well as a comprehensive overview of the Fund's governance, controls and management systems, structures, policies and procedures, as applicable. Each ECT Trustee has also been provided with a Trustees' Manual that contains general information about the Fund and its structure as well as copies of the Fund's key policies including disclosure and insider trading policies, copies of the Fund's material contracts and copies of the Terms of Reference for the Board of Trustees, Audit Committee and for the individual trustee. It is expected that any future new ECT Trustee would receive similar presentations and information.
- (b) The Administrator periodically arranges site-visits for the ECT Trustees to visit the operations of the Fund's investments. In addition to regular operational and project updates from management, the Administrator also periodically arranges for presentations from internal and external subject matter experts on topics including operational, economic, strategic, financial, accounting, legal and governance matters relevant to the Fund, to provide continuing education for the board.

#### **5. Ethical Business Conduct**

- (a) Since neither the Fund nor any of its wholly-owned subsidiaries has any employees and the Fund Trustee and the ECT Trustees have delegated the day-to-day management and administration of the Fund and ECT's business to the Administrator, the ECT Trustees have not adopted a written code. However, both Enbridge Inc. and Alliance Pipeline Ltd. have adopted written codes of ethical business conduct that apply to nearly all of the individuals involved in the operation and management of the businesses in which the Fund holds investments. Copies of these codes have been filed by Enbridge Inc. and Alliance Canada, respectively, on SEDAR. To monitor compliance with these codes, the ECT Trustees have established a process for annually soliciting a report regarding compliance with these respective codes, as applicable to the Fund's investments. These reports are received directly from Enbridge Inc., in respect of those applicable individuals subject to the Enbridge Inc. code, and indirectly from Alliance Canada, through the Administrator's representation on the Alliance Pipeline Ltd. board of directors, in respect of those applicable individuals subject to the Alliance Pipeline Ltd. code.
- (b) The ECT Trust Indenture also provides a detailed set of rules intended to ensure the Trustees exercise independent judgment in considering transactions and agreements to which a Trustee, or an officer of either the Fund or ECT, is a party or in relation to which any of them has a material interest in a party. Generally speaking, these rules require disclosure of the interest, limit participation of the affected party in decisions relating to the applicable transaction or agreement, and provide for additional oversight by Independent ECT Trustees in certain cases. The Terms of Reference for an Individual Trustee also impose explicit duties on Trustees themselves to speak and act independently as well as identify and appropriately address any potential personal or business related conflicts, real or perceived, that arise in connection with their role as a Trustee. The Management Agreement also contains provisions requiring disclosure of material conflicts of interest by the Administrator, as well as a process for management of such conflicts by the ECT Trustees.
- (c) Under the Terms of Reference for the Board of Trustees, the ECT Trustees explicitly assume responsibility for requiring that the Administrator operate at all times within applicable laws and regulations and to the highest ethical and moral standards. In addition, all of the directors and officers of the Administrator are also employees of Enbridge Inc. and are subject to the code adopted by that company's board of directors.

Certain governance matters were also addressed when the structure of the Fund was being developed and are reflected in various agreements. For example, in addition to the provisions summarized elsewhere in this Circular ensuring a majority of Independent ECT Trustees, any material changes to the terms of the Administration Agreement or the Management Agreement must be approved by the Independent ECT Trustees and any contract with, or acquisition from, the Administrator or any of its affiliates must be reviewed and approved by the Independent ECT Trustees.

## **6. Nomination of Independent ECT Trustees**

- (a) Historically, when the Board has added a new ECT Trustee, the Independent ECT Trustees then in office have reviewed proposed nominees identified by an *ad hoc* Nominating Committee comprised of the Manager Trustees and one Independent ECT Trustee selected by the Independent ECT Trustees. As part of the assessment process described in greater detail under item 9 below, the Board regularly considers the mix of skill sets and experience represented on the Board, in relation to the Board's effectiveness and the Fund's needs. The Board does not mandate any predetermined mix of skill sets or experience, but uses its ongoing assessment process to inform a consideration of the requirements at the time that vacancies or potential vacancies are identified.
- (b) The ECT Trustees do not have a standing nominating committee composed entirely of Independent ECT Trustees, although pursuant to the Fund and ECT's contractual governance structures, only those nominees approved by the Independent ECT Trustees may be included as nominees for election in the annual proxy-related materials of the Fund.
- (c) If and when established, Nominating Committees are established by the Board on an *ad hoc* basis, as deemed necessary. The Board determines the responsibilities, powers and operation of the Committee at the time that the Committee is struck.

## **7. Compensation**

- (a) The current Independent ECT Trustee compensation program was approved by the ECT Trustees during the 2008 fiscal year. The Administrator reviews the appropriate compensation program for the Independent ECT Trustees, including the Chairman and the chair of any committees, on an annual basis. The Administrator evaluates known general industry marketplace practices and conditions, the roles and responsibilities of the ECT Trustees, and also benchmarks the ECT Trustees' compensation program in comparison with the programs of a suitable peer group. The Administrator may also engage the services of an outside consultant to provide specific support in evaluating these factors. If changes are deemed appropriate, the Administrator then makes recommendations to the ECT Trustees regarding the Independent ECT Trustee compensation program and, pursuant to the ECT Trust Indenture, the compensation program is to be approved by the ECT Trustees.
- (b) Neither the Fund nor any of its wholly-owned subsidiary entities have any employees. The Administrator manages the Fund's day-to-day business and is compensated in accordance with the agreements described in "Management of the Fund and ECT". The operations of the Fund's operating investments are also managed through the service agreements and relationships described in that section of this Circular. All of the officers and directors of the Administrator are employees of Enbridge Inc. Enbridge Inc. has sole and exclusive authority to determine the compensation of these individuals and their remuneration is paid directly by Enbridge Inc., rather than the Fund, the Administrator, or any of their respective subsidiaries including ECT. Consequently, individual executive compensation is not within the scope of the ECT Board of Trustees' duties and the ECT Trustees do not have a compensation committee composed entirely of Independent ECT Trustees.
- (c) For the reasons expressed in (b) above, the ECT Trustees do not have a compensation committee.
- (d) During the most recently completed fiscal year, the Administrator engaged Mercer Human Resources Consulting ("**Mercer**") to provide support in determining compensation for the ECT Trustees. This support consisted of reporting on the compensation programs in place at

a defined comparator group of public issuers and providing commentary on relevant general market trends related to director compensation, but did not include any *in camera* meetings with the ECT Trustees. The Fund paid approximately \$2,100 to Mercer for these services during 2008. Mercer has not been retained to perform any other work for the Fund, ECT, the ECT Trustees or the Administrator.

**8. Other Board Committees**

The ECT Trustees do not have any standing committees other than the Audit Committee, but the Board annually evaluates its committee structure in reference to board effectiveness and the Fund's needs as part of the assessment process described below under item 9. The Board has in the past, and would also in the future, in appropriate circumstances, establish *ad hoc* committees of ECT Trustees in response to needs identified by the Board at the relevant time.

**9. Assessments**

Since 2004, the ECT Trustees have conducted an annual survey of all ECT Trustees to assess the effectiveness of the Board of Trustees as a group and the Audit Committee as a group. The assessment program also involves an individual peer assessment of the respective Chairs of the Board of Trustees and the Audit Committee by the members of those respective bodies. Each ECT Trustee or member of the Audit Committee, as applicable, completes a written survey and returns the survey to the Corporate Secretary of the Administrator, who compiles the results under the supervision of either the Chair of the Board of Trustees or Chair of the Audit Committee, as applicable. The Chair of the Board and Chair of the Audit Committee then present the results to the ECT Trustees and the Audit Committee, respectively. The Administrator, with input from the Board, has also developed a form of individual trustee assessment program that can be implemented in the future, at the Board's discretion.

## **UNITHOLDER PROPOSALS**

The Fund Trust Indenture contains provisions that permit Unitholders to submit proposals to be considered for inclusion in the Fund's information circular for its annual meeting of Unitholders. In order to submit a proposal, Unitholders must meet the requirements and follow the procedures detailed in the Fund Trust Indenture, a copy of which is accessible on the Fund's website and on SEDAR. In order for a proposal to be considered at the 2010 annual meeting of Unitholders, it must be received by the Administrator by December 2, 2009.

## **ADDITIONAL INFORMATION**

Additional information relating to the Fund is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Fund's website at [www.enbridgeincomefund.com](http://www.enbridgeincomefund.com). The 2008 annual report (the "**Annual Report**") to Unitholders, which contains financial information about the Fund including the Financial Statements and management's discussion & analysis, is included with the general mailing of this Circular to registered Unitholders and Beneficial Unitholders who opted to receive it.

The Annual Report, the Notice of Meeting and the Circular are available for viewing and electronic delivery on the Fund's website, [www.enbridgeincomefund.com](http://www.enbridgeincomefund.com), under the heading "Investor Relations – Reports & Filings". Additional copies of the Annual Report are available, upon request, from the Investor Relations group of Enbridge Inc. You may contact Enbridge by: mail at 3000, 425 – 1<sup>st</sup> Street S.W. Calgary, Alberta, Canada, T2P 3L8; telephone at 1-800-481-2804; and email through the Fund's website under the heading "Contact Us – Investor Kit".

## APPROVAL

The Board of Trustees of ECT and the Board of Directors of the Administrator have approved the contents of this Circular and the sending of it to the Unitholders.

DATED as of the 2<sup>nd</sup> day of March, 2009.

A handwritten signature in black ink, appearing to read "James E.R. Lord". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "Lord".

James E.R. Lord,  
Corporate Secretary,  
Enbridge Management Services Inc.

**APPENDIX "A"**  
**STATEMENT OF EXECUTIVE COMPENSATION**  
**ALLIANCE CANADA**

**Notice to Reader**

This Appendix contains information relating to the compensation of certain officers of Alliance Pipeline Ltd. This information reflects amounts received by such officers for operational and administrative services provided to both the Canadian and United States portions of the Alliance System. Enbridge Income Fund indirectly owns a 50% interest in the Canadian portion of the Alliance System. Under the terms of the tolling agreement for the Alliance System, all costs necessary to operate the pipeline, including employee compensation costs, are passed through to the shippers on the Alliance System as part of the cost of service.

Until 2004, Enbridge Income Fund satisfied this disclosure requirement through a reference to documents publicly filed by Alliance Pipeline Limited Partnership that contained the requisite information. Due to subsequent changes in securities laws and the fact that Alliance Pipeline Limited Partnership no longer needs to file similar disclosure, Enbridge Income Fund is including the disclosure as an Appendix to the Circular.

## Compensation Discussion and Analysis

The Canadian General Partner's executive compensation program is administered by the compensation committee of the board of directors of the Canadian General Partner (the "**Compensation Committee**"), which is responsible for reviewing overall compensation policy and guidelines. The Compensation Committee also reviews and recommends the annual compensation of the General Partner's executive officers, including the Named Executive Officers, for approval by the Board of Directors. The members of the Compensation Committee are neither current nor former officers nor employees of Alliance Canada or the Canadian General Partner. Mr. Stephen H. White and Mr. Douglas Krenz served as members of the Compensation Committee during 2008.

Alliance Canada has adopted a market based compensation program that has been designed to be competitive in attracting and retaining employees and to appropriately reward accomplishments and results through pay-for-performance. The program is comprised of four major components: base salaries, a short-term incentive plan, a long-term incentive plan, and benefits and perquisites. In addition, employees of Alliance Canada, including executive officers, may receive recognition awards of a minor value.

In determining compensation, the Compensation Committee makes use of formal assessments, market comparisons and advice from independent external compensation consultants. The Compensation Committee uses competitive compensation data from a comparator group of 23 Canadian-based businesses of similar size and/or complexity to Alliance Canada (the "**Comparator Group**"), which are selected to be representative of the types of organizations with which Alliance Canada competes in order to attract and retain highly qualified individuals. The Comparator Group includes oil and gas (exploration and production), pipeline and electric utility companies. Alliance Canada's independent external consultants use regression analyses as appropriate to size adjust the data. The compensation programs are targeted to be at the 50<sup>th</sup> percentile of the market Comparator Group.

The Comparator Group for determining 2008 executive compensation included the following companies:

- |                             |                                 |
|-----------------------------|---------------------------------|
| ▪ ARC Energy Trust          | ▪ Nexen Inc                     |
| ▪ ATCO Midstream            | ▪ Pengrowth Energy Trust        |
| ▪ ATCO Pipelines            | ▪ Petro-Canada                  |
| ▪ Canadian Oil Sands Trust  | ▪ Spectra Energy Transmission   |
| ▪ Devon Canada Corporation  | ▪ Suncor Energy Inc.            |
| ▪ Enbridge Inc.             | ▪ Talisman Energy Inc.          |
| ▪ Inter Pipeline Fund       | ▪ Terasen Gas                   |
| ▪ Kinder Morgan Canada Inc. | ▪ TransCanada Pipelines Limited |

In addition to these companies Alliance's independent external consultants use an expanded sample of companies with revenue similar to Alliance to more closely reflect the scope of the positions where appropriate.

### **Base Salary**

Base salaries for executive officers are determined using market data for similar roles, levels of responsibility and position scope within the Comparator Group. Within the overall structure set by that data, the specific salary for each executive officer is reviewed annually and the incumbent's responsibilities, business performance, performance reviews conducted by the

immediate supervisor and the Compensation Committee's assessment of performance are utilized to determine the salary.

***Short-Term Incentive Plan (the "STIP")***

Through the STIP, a portion of each executive officer's annual compensation is linked to the achievement of pre-defined corporate and individual performance objectives set out at the beginning of the year. Target incentive payments based on each participant's level of responsibility within the organization are established as a percentage of base salary and reflect competitive practice within the Comparator Group. The STIP provides for the payment of awards that may be below or in excess of target awards. For 2008, all of the Named Executive Officers had corporate performance measures that included pipeline system reliability and optimization, effective management of operating costs, health, safety and environmental stewardship, business integrity and growth, re-contracting, SAP implementation and owner distributions. Where available, performance measures are compared to external benchmarks. In addition to the performance measure targets, the Compensation Committee also retains the flexibility to make final determinations in respect of awards made under the STIP.

***Key Employee Incentive Plan ("KEIP")***

The KEIP is an integral part of the Partnership's competitive compensation program. It is intended to reinforce the commitment of key employees to the medium to long-term growth and profitability of Alliance Canada and Alliance USA. As the Partnership's units are not traded publicly, the KEIP has been set up as a cash plan. Target incentive payments based on each participant's level of responsibility within the organization are established as a percentage of base salary and reflect competitive practice within the Comparator Group. The KEIP provides for the payment of awards that may be below or in excess of target awards. The Compensation Committee has the flexibility to make final determinations in respect of awards made under the KEIP and places considerable emphasis on Alliance Canada's long-term interests and the achievement of associated long-term goals.

For 2008, all of the Named Executive Officers had corporate performance measures that included: (i) increasing the total unit holder return of the Fort Chicago Energy Partners L.P. units and the Enbridge Income Fund units and increasing this return relative to a comparator group of companies; and (ii) increasing the net present value of each limited partner's interest in Alliance Canada through increased distributions or other initiatives. Actual 2008 KEIP awards for the Named Executive Officers are discussed in greater detail below, under the "Long Term Incentive Plan" heading.

***Benefits and Perquisites***

Benefit amounts are intended to cover the costs and expenses for items not included in the Alliance executive compensation program such as, but not necessarily limited to: medical plans; health and dental plans; pensions; insurance for life, long and short term disability; and other related items.

Perquisite amounts are intended to cover the costs and expenses for items such as, but not necessarily limited to: executive health programs; car allowance; parking; executive financial counselling services; or luncheon club memberships as may be made available to the executive officer based on corporate policy from time to time.

### **Other Bonuses**

Other bonus amounts include recognition awards and president's bonuses. Such awards and bonuses are generally small in nature with the intention of recognizing individual employees for specific instances of outstanding service and achievements.

### **President and Chief Executive Officer Compensation**

The President & CEO's compensation is determined through annual compensation surveys with reference to the Comparator Group and is reviewed annually based on corporate and individual performance. The pay-for-performance philosophy of the Partnership's executive compensation program applies equally to the President & CEO. The Compensation Committee and the Board of Directors approve the compensation of the President & CEO after careful assessment of his personal contribution to the performance of the Partnership. This assessment is based on a number of quantitative and qualitative factors, which includes financial results, strategic planning and initiatives, personal leadership and business acumen. Mr. Birch's compensation is comprised of base salary, incentive awards granted under the STIP and the KEIP and a benefits and perquisites amount.

### **Summary Compensation Table**

The Summary Compensation Table on the next page sets forth the information required by Canadian continuous disclosure rules regarding executive compensation for the financial year ended December 31, 2008. The table contains information for the individuals who served as the Chief Executive Officer, Chief Financial Officer and for the individuals who were the three other highest compensated executive officers (collectively, the "**Named Executive Officers**") of Alliance Pipeline Ltd. (the "**Canadian General Partner**"), measured by base salary and bonuses granted, in the year ended December 31, 2008. The Canadian General Partner is the general partner of Alliance Pipeline Limited Partnership ("**Alliance Canada**" or the "**Partnership**"), and provides operational and administrative services to Alliance Canada and Alliance Pipeline L.P. ("**Alliance USA**").

### Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary (\$)	Non-equity incentive plan compensation (\$)		All Other <sup>(3)</sup> (\$)	Total Compensation (\$)
			Annual incentive plans <sup>(1)</sup>	Long-term incentive plans <sup>(2)</sup>		
Murray Birch, President & CEO	2008	\$475,000	\$402,140	\$393,030	\$181,869	\$1,452,039
Keith Palmer, Vice President Finance	2008	\$250,000	\$128,500	\$79,207	\$89,619	\$547,326
Jim Walsh, Vice President, System Optimization & Effectiveness	2008	\$235,000	\$120,080	\$93,959	\$86,210	\$535,250
Harold Kraft, Vice President, Engineering & Construction	2008	\$235,000	\$117,970	\$92,117	\$86,210	\$531,297
Jim Goldmann, Vice President, Transportation Services and Development	2008	\$252,000	\$128,010	\$59,417	\$90,138	\$529,566

Notes:

- (1) Bonuses earned relate to performance by the Named Executive Officer under the Partnership's short-term incentive plan for the year indicated and are payable the following year, generally within the first quarter.
- (2) The amount set out reflects the payment to the Named Executive Officer of vested portions of awards made under Alliance Canada's Key Employee Incentive Plan as discussed under the heading "Long-Term Incentive Plan" below.
- (3) Alliance Canada provides a benefit account for each employee in lieu of a corporate benefit and pension plan. Included in the "All other compensation" column are the amounts paid to each Named Executive Officer in lieu of these corporate benefits and other perquisites. The Named Executive Officers are responsible for the purchase of their own medical plans, disability and life insurance, pensions, parking, club memberships, auto leases and other related costs. The amounts shown also include any pay received in lieu of vacation taken.

#### Long-Term Incentive Plan

The purpose of the Alliance Canada Key Employee Incentive Plan ("**Alliance Canada KEIP**") is to closely tie the compensation of key employees to the creation of medium to long-term value for Alliance Canada's owners. It also serves as a tool to encourage the retention of key employees, to recognize key contributors and to ensure that Alliance Canada's total compensation packages are competitive with those of its peers.

The Alliance Canada KEIP is a cash plan that became effective January 1, 2001. Under the Alliance Canada KEIP, awards are made when certain threshold corporate performance measures, set by the Compensation Committee at the beginning of each plan year, are met.

Commencing January 1, 2004, each plan year has a three-year performance measurement period ("**Performance Period**"). Awards are based upon the annual salary of a participant and a Target Participation Rate ("**TPR**") established by the Compensation Committee. A participant's TPR is determined by the participant's role in Alliance Canada, expressed as a percentage.

There are two elements used in calculating the overall award made to a participant. The first measures the increase in net present value of the owners interest in Alliance Canada over the Performance Period ("**NPV Award**") and the second is based upon the total unitholder return of the units of each of the two owners of Alliance Canada, Fort Chicago Energy Partners L.P. and Enbridge Income Fund, relative to the return of a comparator group of entities over the Performance Period ("**TUR Award**"). Commencing January 1, 2006 the maximum NPV Award became 4.5 times TPR and the maximum TUR Award became 1.5 times TPR with each measure weighted at 50% resulting in a combined maximum award of 3 times TPR. Effective January 1, 2008 the NPV weighting was changed to 75% and the TUR weighting to 25% resulting in a combined maximum award of 3.75 times TPR.

The following table sets out information regarding amounts targeted for awards under the Alliance Canada KEIP to the Named Executive Officers of Alliance Canada during the year ended December 31, 2008.

**LTIP Awards Under the Alliance Canada KEIP during the Year Ended  
December 31, 2008**

Name and Principal Position	Performance or Other Period Until Maturation or Payout	Estimated Payouts Under Alliance Canada KEIP Plan <sup>(1)(2)</sup>		
		Threshold <sup>(3)</sup> (\$)	Target <sup>(4)</sup> (\$)	Maximum <sup>(5)</sup> (\$)
Murray P. Birch, President & CEO	January 1, 2008 to December 31, 2010	\$190,000	\$380,000	\$1,425,000
Keith Palmer, Vice President, Finance	January 1, 2008 to December 31, 2010	\$62,500	\$125,000	\$468,750
Jim Walsh, Vice President, System Optimization & Effectiveness	January 1, 2008 to December 31, 2010	\$58,750	\$117,500	\$440,625
Harold Kraft, Vice President, Engineering & Construction	January 1, 2008 to December 31, 2010	\$58,750	\$117,500	\$440,625
Jim Goldman, Vice President, Transportation Services and Development	January 1, 2008 to December 31, 2010	\$63,000	\$126,000	\$472,500

Notes:

- (1) Based on salary of the Named Executive Officer for 2008 and does not include amounts to be included in awards under the TUR Award portion of the Alliance Canada KEIP representing distributions on the securities used as a basis for determining awards thereunder.
- (2) Participation in the Alliance Canada KEIP is determined by the Compensation Committee. Once included in the plan the Named Executive Officer's right to participate in awards under the Alliance Canada KEIP is based on the Named Executive Officer's annual salary and TPR for the applicable plan year.
- (3) "Threshold" refers to the minimum amount payable under the Alliance Canada KEIP, if an award is payable. No payments will be made under the Alliance Canada KEIP if NPV does not exceed a pre-established value and if the TUR is below the 25<sup>th</sup> percentile. The award under this column assumes the overall award is made at 50% of TPR.
- (4) "Target" refers to the amount payable if the overall award is made at 100% of TPR.
- (5) "Maximum" refers to the maximum payout possible under the Alliance Canada KEIP, which is at 375% of TPR.

## **Employment Contracts – Termination of Employment**

The Canadian General Partner entered into an employment contract dated January 1, 2005 with Mr. Murray Birch, who served as the Interim President from December 9, 2004 to March 13, 2005 and was appointed President & CEO of the Canadian General Partner commencing March 14, 2005. This contract provided that should Mr. Birch be involuntarily terminated (other than for cause) or if Mr. Birch terminates the contract in accordance with certain provisions thereof, he will receive: (i) 24 months base salary at the salary in effect at the time of termination, (ii) a portion of the Alliance Short-Term Incentive Plan or STIP bonus pro-rated on Alliance's performance in that year to the date of termination; (iii) full award of the Short-Term Incentive Plan or STIP bonus that would have been received if performance targets were met for the 24 month period, (iv) full benefits coverage or equivalent cash value of the benefit premium for a 24-month period, and (v) such amounts as may be due under the terms of the Long-Term Incentive Plan or KEIP in accordance with the provisions of the KEIP plan text with 24 months used for the purpose of the notice period.

The Canadian General Partner has in place an Executive Termination Policy, which was reviewed and updated on October 25, 2007. This policy outlines the terms and conditions which govern the termination of senior leadership, including named Executive Officers. The policy, as it relates to named Executive Officers, provides that should an executive be involuntarily separated (other than for cause) or if the executive terminates employment in accordance with certain provisions thereof he/she will receive; (i) base salary at the salary in effect at the time of termination for the specified notice period, (ii) a portion of the Alliance Short-Term Incentive Plan (STIP) pro-rated to the date of termination and paid at applicable target levels in that year, (iii) STIP, at the target participation rate, for a period equivalent to the specified notice period, (iv) equivalent cash value of the benefit premium in effect at the time of termination for the specified notice period, (v) the cash value of the perquisite account in effect at the time of termination for the specified notice period, and (vi) such amounts as may be due under the terms of the KEIP in accordance with the provisions of the KEIP plan text. The specified notice period ranges from 12 to 18 months and is based on a formula of age and length of service.

## **Directors' and Officers' Insurance**

Alliance Canada procures a comprehensive directors' and officers' liability insurance program. Subject to policy conditions, this program is intended to cover each individual's liability arising from their duties as a director or officer of the Canadian General Partner provided they acted honestly and in good faith with a view to the best interests of the Canadian General Partner and Alliance Canada.

## **APPENDIX "B"**

### **RIGHTS PLAN RESOLUTION**

BE IT RESOLVED as an ordinary resolution of the holders of units of the Fund that:

1. the Unitholder Rights Plan of the Fund be reconfirmed and continued, pursuant to its terms;
2. the making on or prior to May 4, 2009 of any revisions to the 2009 Rights Plan Agreement as may be required by any stock exchange or recommended by professional commentators on unitholder rights plans, to conform the 2009 Rights Plan Agreement to versions of unitholder rights plans prevalent for public reporting issuers in Canada, and as may be approved by any two of the President, the Vice President Business Development & Chief Financial Officer and the Corporate Secretary of the Administrator, is hereby approved;
3. the 2009 Rights Plan Agreement, as amended in accordance with paragraph 2, if applicable, is hereby ratified, confirmed and approved;
4. any ECT Trustee, as agent for the Fund, be and is hereby authorized for and on behalf of the Fund, under corporate seal or otherwise, to do all such things and to execute all such documents or instruments as may be necessary or desirable to give effect to this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions; and
5. any capitalized term used in this resolution and not otherwise defined herein shall have the meaning ascribed to that term in the Information Circular of Enbridge Income Fund dated March 2, 2009.

### **SUMMARY OF THE RIGHTS PLAN**

#### **Background**

The primary objective of the Rights Plan is to provide the ECT Trustees with sufficient time to explore and develop alternatives for maximizing Unitholder value if a take-over bid is made for the Fund and to provide every Unitholder with an equal opportunity to participate in such a bid. The Rights Plan encourages a potential acquirer to proceed either by way of a Permitted Bid (as defined in the Rights Plan), which requires the take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the ECT Trustees.

On the original adoption of the Rights Plan and on continuing the Rights Plan, the ECT Trustees have considered the legislative framework in Canada governing take-over bids. Under provincial securities legislation, a take-over bid generally means an offer to acquire voting or equity securities of a person or persons, where the securities subject to the offer to acquire, together with securities already owned by the bidder and certain related parties, aggregate 20% or more of the outstanding voting or equity securities of the class.

The existing legislative framework for take-over bids in Canada continues to raise the following concerns for Unitholders of the Fund:

(a) Time

Current legislation permits a take-over bid to expire 35 days after it is initiated. The ECT Trustees are of the view that this is not sufficient time to permit Unitholders to consider a take-over bid and make a reasoned and unhurried decision.

(b) Pressure to Tender

A Unitholder may feel compelled to tender to a take-over bid that the Unitholder considers to be inadequate out of a concern that in failing to do so, the Unitholder may be left with illiquid or minority discounted units. This is particularly so in the case of a partial take-over bid for less than all of the units, where the bidder wishes to obtain a control position but does not wish to acquire all of the units. The Rights Plan provides the Unitholder with a tender approval mechanism that is intended to ensure that the Unitholder can separate the decision to tender from the approval or disapproval of a particular take-over bid.

(c) Unequal Treatment: Full Value

While existing provincial securities legislation has substantially addressed many concerns in this regard, there remains the possibility that control of a public issuer may be acquired pursuant to a private agreement in which one or a small group of Unitholders dispose of units at a premium to market price which premium is not shared with the other Unitholders. In addition, a person may slowly accumulate units through stock exchange acquisitions that may result, over time, in an acquisition of control without payment of fair value for control or a fair sharing of a control premium among all Unitholders.

**Principal Terms**

The following is a summary of the principal terms of the Rights Plan, which is qualified in its entirety by reference to the text of the 2009 Rights Plan Agreement. A Unitholder or any other interested party may obtain a copy of the 2009 Rights Plan Agreement by contacting the Corporate Secretary, Enbridge Management Services Inc., 3000, 425-1<sup>st</sup> Street S.W., Calgary, AB, T2P 3L8; telephone (403) 231-5715; fax (403) 231-5929.

*Effective Date*

The effective date of the Rights Plan is June 30, 2003 (the "**Effective Date**").

*Term*

The term of the Rights Plan is effectively a three-year "evergreen" term, subject to renewal as provided for in the Rights Plan Agreement, such that the Rights Plan must be reconfirmed and approved by Unitholders every three years, without specifying a fixed term.

If the Rights Plan embodied in the 2009 Rights Plan Agreement is ratified, confirmed and approved by the Unitholders at the Meeting, the Rights Plan will remain in effect until the 2012 Annual Meeting of Unitholders.

*Unitholder Approval*

For the Rights Plan to continue in effect following the Meeting, the Rights Plan Resolution must be approved by a majority of the votes cast at the Meeting by Unitholders voting in person and by paper, telephone or internet proxy.

### *Issue of Rights*

On the Effective Date, one right (a "**Right**") was issued and attached to each Trust Unit outstanding and will attach to each Trust Unit subsequently issued.

### *Rights Exercise Privilege*

The Rights will separate from the Trust Units and will be exercisable eight trading days (the "**Separation Time**") after a person has acquired, or commenced a take-over bid to acquire, 20% or more of the Trust Units, other than by an acquisition pursuant to a take-over bid permitted by the Rights Plan (a "**Permitted Bid**") or a pro rata acquisition pursuant to a distribution by prospectus, private placement or securities exchange take-over bid of securities of the Fund that have not been previously distributed (a "**Treasury Issue**"). The acquisition by any person (an "Acquiring Person") of 20% of the Trust Units, other than by way of a Permitted Bid or a prescribed Treasury Issue, is referred to as a "Flip-in Event". The 2009 Rights Plan Agreement amends the definition of "Pro Rata Acquisition" to confirm that an acquisition during the course of a rights offering from treasury, by a person who would otherwise be an Acquiring Person, will only be a prescribed Treasury Issue that avoids triggering a Flip-in Event if the acquisition is directly from the Fund and in proportion with the person's holding prior to the acquisition under the rights offering.

Other than in relation to Enbridge Inc., there are no "grandfathering" provisions in the Rights Plan. See "— Grandfathering Provisions". Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Eight trading days after the occurrence of the Flip-in Event, each Right (other than those held by an Acquiring Person) will permit the purchase of Trust Units with a market value of \$100 on payment of the exercise price of \$50 per right.

The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the Trust Units, reported earnings per Trust Unit on a fully-diluted or non-diluted basis may be affected. Holders of Rights not exercising their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

### *Grandfathering Provisions*

Under the Rights Plan, Enbridge Inc. is a "Grandfathered Person" and, accordingly, may hold any number of Trust Units at any time without triggering the Rights Plan.

### *Lock-Up Agreements*

A bidder may enter into lock-up agreements (a "**Lock-Up Agreement**") with Unitholders (a "**Locked-Up Person**") whereby such Unitholders agree to tender their Trust Units to the take-over bid (the "**Subject Bid**") without a Flip-in Event (as referred to above) occurring. Any such agreement must permit the Locked-Up Person to withdraw their Trust Units from the lock-up to tender to another take-over bid or support another transaction that will provide greater value to the Locked-Up Person than the Subject Bid where the greater value offered exceeds by as much or more than a specified amount (the "**Specified Amount**") the value offered under the Subject Bid, provided the Specified Amount is not greater than 7% of the value offered under the Subject Bid. For purposes of clarity, a Lock-Up Agreement may contain a right of first refusal or require a period of delay (or other similar limitation) to give an offeror an opportunity to match a higher price in another transaction as long as the Locked-Up Person can accept another bid or tender to another transaction.

A Lock-up Agreement must also be made available to the Fund, ECT and to the public, and may not include any, "break up" fees, "top up" fees, penalties, expense reimbursement or other amounts payable by a Locked-Up Person if the Locked-Up Person fails to deposit or tender their Trust Units to the Subject Bid or withdraws such units previously tendered thereto in order to

deposit such units to another take-over bid or support another transaction that exceed in aggregate the greater of: (i) 2½ % of the value payable under the Subject Bid; and (ii) 50% of the amount by which the value received by a Locked-Up Person under another take-over bid or transaction exceeds what such Locked-Up Person would have received under the Subject Bid.

#### *Certificates and Transferability*

Prior to the Separation Time, the Rights are evidenced by a legend imprinted on certificates for the Trust Units and are not transferable separately from the Trust Units. From and after the Separation Time, the Rights will be evidenced by Rights certificates that will be transferable and traded separately from the Trust Units.

#### *Permitted Bid Requirements*

The requirements for a Permitted Bid include the following:

- (i) the take-over bid must be made by way of a take-over bid circular;
- (ii) the take-over bid must be made to all Unitholders;
- (iii) the take-over bid must be outstanding for a minimum period of 60 days and Trust Units tendered pursuant to the take-over bid may not be taken up prior to the expiry of the 60 day period and only if at such time more than 50% of the Trust Units held by Unitholders, other than the bidder, its affiliates and persons acting jointly or in concert and certain other persons (the "**Independent Unitholders**"), have been tendered to the take-over bid and not withdrawn; and
- (iv) if more than 50% of the Trust Units held by Independent Unitholders are tendered to the take-over bid within the 60-day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Trust Units for not less than 10 business days from the date of such public announcement.

The Rights Plan allows for a competing Permitted Bid (a "**Competing Permitted Bid**") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that it may expire on the same date as the Permitted Bid, subject to the requirement that it be outstanding for a minimum period of 35 days.

#### *Waiver*

The ECT Trustees, acting in good faith, may, prior to the occurrence of a Flip-in Event, waive the application of the Rights Plan to a particular Flip-in Event (an "**Exempt Acquisition**") where the take-over bid is made by a take-over bid circular to all holders of Trust Units of the Fund. Where the ECT Trustees exercise the waiver power for one take-over bid, the waiver will also apply to any other take-over bid for the Fund made by a take-over bid circular to all holders of Trust Units prior to the expiry of any other bid for which the Rights Plan has been waived.

#### *Redemption*

The ECT Trustees with the approval of a majority of the votes cast by Unitholders (or Holders of Rights if the Separation Time has occurred) voting in person or by proxy at a meeting duly called for that purpose may redeem the Rights at \$0.001 per Right. Right will be deemed to have been redeemed by the ECT Trustees following completion of a Permitted Bid, Competing Permitted Bid or Exempt Acquisition.

#### *Amendment*

The ECT Trustees may amend the Rights Plan with the approval of a majority of the votes cast by Unitholders (or the holders of Rights if the Separation Time has occurred) voting in person and by

proxy at a meeting duly called for that purpose. The ECT Trustees without such approval may correct clerical or typographical errors and, subject to approval as noted above at the next meeting of the Unitholders (or holders of Rights, as the case may be), may make amendments to the Rights Plan to maintain its validity due to changes in applicable legislation.

#### *ECT Trustees*

The Rights Plan will not detract from or lessen the duty of the ECT Trustees to act honestly and in good faith with a view to the best interests of ECT and the Fund. The ECT Trustees, when a Permitted Bid is made, will continue to have the duty and power to take such actions and to make such recommendations to Unitholders as are considered appropriate.

#### *Exemptions for Investment Advisors*

Investment advisors (for fully managed accounts), trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds and administrators of registered pension plans acquiring greater than 20% of the Trust Units are exempted from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a take-over bid.

