ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF EARNINGS

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

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

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

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

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

1. CHANGES IN ACCOUNTING POLICIES

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

Financial Instruments

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

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

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

Comprehensive Income

The new standards also require the Fund to present a Consolidated Statement of Comprehensive Income, which consists of earnings and the effective portion of changes in unrealized gains and losses related to cash flow hedges. The cumulative changes in Comprehensive Income are recorded in Accumulated Other Comprehensive Income or Loss (AOCI), a separate component of unitholders' equity.

Hedges

From time to time, the Fund utilizes cash flow hedges to manage changes in power prices and interest rates. For derivative instruments designated as a cash flow hedge, the effective portion

of the change in fair value of the cash flow hedging instrument is recorded in other comprehensive income and reclassified to earnings when the underlying transaction is recognized in earnings. Any hedge ineffectiveness is recorded in current period earnings. Generally, effectiveness is an assessment of how well a hedge mitigates the underlying risk.

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

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

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

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

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

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

Capital Disclosures and Financial Instruments – Disclosure and Presentation

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

2. SEGMENTED INFORMATION

Three months ended June 30, 2007

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

Three months ended June 30, 2006

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

Six months ended June 30, 2007

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

Six months ended June 30, 2006

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

3. TAX FAIRNESS PLAN

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

4. CONTRACTUAL OBLIGATIONS

NRGreen has entered into contracts related to the construction of waste heat electrical generation facilities. At June 30, 2007, NRGreen has capital expenditure commitments pursuant

to these contracts of approximately $12.3 million in 2007 and $3.4 million in 2008, representing the Fund's 50% interest.

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

5. SUBSEQUENT EVENTS

Distribution by the Fund

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

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