

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF EARNINGS

	Three months ended	
	March 31,	
<i>(unaudited; millions of dollars, except per unit amounts)</i>	2008	2007
Revenue	68.7	65.0
Expenses		
Operating and maintenance	18.1	15.6
Management and administrative	1.2	1.4
Depreciation and amortization	20.8	20.8
	40.1	37.8
Other Income and Expense	6.5	0.1
Interest Expense	(15.8)	(15.2)
ECT Preferred Unit Distributions	(9.1)	(9.1)
	10.2	3.0
Income Tax (Expense)/Recovery	(2.6)	0.5
Earnings	7.6	3.5
Basic and Diluted Earnings per Trust Unit	0.22	0.10

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

	Three months ended	
	March 31,	
<i>(unaudited; millions of dollars)</i>	2008	2007
Trust Units	333.4	333.4
Deficit, Beginning of Period	(48.1)	(36.1)
Earnings	7.6	3.5
Distributions to unitholders	(8.3)	(8.3)
Deficit, End of Period	(48.8)	(40.9)
Accumulated Other Comprehensive Loss, Beginning of Period	(6.2)	-
Cumulative impact of change in accounting policy	-	(6.1)
Other comprehensive loss	(3.4)	(3.5)
Accumulated Other Comprehensive Loss, End of Period	(9.6)	(9.6)
Total Unitholders' Equity	275.0	282.9

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended	
	March 31,	
<i>(unaudited; millions of dollars)</i>	2008	2007
Earnings	7.6	3.5
Other Comprehensive Income/(Loss)		
Change in unrealized fair value on cash flow hedges, net of tax	(3.9)	(3.7)
Reclassification of realized settlements on cash flow hedges to earnings	0.5	0.2
Comprehensive Income	(3.4)	(3.5)
	4.2	-

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended	
	March 31,	
<i>(unaudited; millions of dollars)</i>	2008	2007
Cash Provided by Operating Activities		
Earnings	7.6	3.5
Charges/(credits) not affecting cash		
Depreciation and amortization	20.8	20.8
Amortization of deferred financing charges	0.5	0.4
Amortization of fair value increment on debt	(1.3)	(1.3)
Future income taxes	(0.4)	(1.1)
Other	1.5	-
Changes in operating assets and liabilities		
Change in accounts receivable and other	(0.2)	(2.4)
Change in accounts payable and accrued liabilities	13.1	11.4
Change in deferred amounts and other assets	(2.2)	(0.9)
Change in long-term liabilities	5.1	0.7
	44.5	31.1
Cash Used in Investing Activities		
Additions to property, plant and equipment	(10.9)	(5.8)
Change in construction payable	(1.9)	(5.5)
	(12.8)	(11.3)
Cash Used in Financing Activities		
Net change in long-term credit facility	(18.0)	5.0
Net change in non-recourse long-term credit facility	15.8	(0.5)
Ordinary and subordinated trust unit distributions	(8.3)	(8.3)
	(10.5)	(3.8)
Increase in Cash and Cash Equivalents	21.2	16.0
Cash and Cash Equivalents at Beginning of Period	14.7	17.4
Cash and Cash Equivalents at End of Period	35.9	33.4
Cash and Cash Equivalents	11.3	12.5
Cash and Cash Equivalents in Trust	24.6	20.9
	35.9	33.4

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(unaudited; millions of dollars)</i>	March 31, 2008	December 31, 2007
Assets		
Current Assets		
Cash and cash equivalents	35.9	14.7
Accounts receivable and other	33.0	32.8
	68.9	47.5
Property, Plant and Equipment, Net	1,320.6	1,329.0
Intangible Assets	95.0	96.4
Goodwill	308.1	308.1
Deferred Amounts and Other Assets	76.3	75.0
Future Income Taxes	3.7	2.8
	1,872.6	1,858.8
Liabilities and Unitholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	51.5	39.6
Distributions payable	2.8	2.8
Current portion of non-recourse long-term debt	28.7	28.7
	83.0	71.1
Long-Term Debt	266.5	284.2
Non-Recourse Long-Term Debt	775.8	761.1
ECT Preferred Units	380.2	380.2
Long-Term Liabilities	20.8	11.0
Asset Retirement Obligations	8.0	7.9
Future Income Taxes	63.3	64.2
	1,597.6	1,579.7
Unitholders' Equity		
Trust units	333.4	333.4
Deficit	(48.8)	(48.1)
Accumulated other comprehensive loss	(9.6)	(6.2)
	275.0	279.1
	1,872.6	1,858.8

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) 2007 Annual Report. These interim financial statements follow the same accounting policies and methods of application as those included in the 2007 Annual Report. Additional disclosures related the Fund's capital management and financial instruments have been added in accordance with CICA Handbook Section 3862 "Financial Instruments – Disclosures", Section 3863 "Financial Instruments – Presentation", and Section 1535 "Capital Disclosures."

Earnings for interim periods may not be indicative of results for the fiscal year due to the seasonal nature of Green Power segment.

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

1. SEGMENTED INFORMATION

Three months ended March 31, 2008

<i>(unaudited; millions of dollars)</i>	Alliance Canada	Saskatchewan System	Green Power	Corporate	Consolidated
Revenue	53.8	13.8	1.1	-	68.7
Operating and maintenance	(11.2)	(6.4)	(0.5)	-	(18.1)
Management and administrative	-	-	-	(1.2)	(1.2)
Depreciation and amortization	(15.8)	(4.3)	(0.7)	-	(20.8)
	26.8	3.1	(0.1)	(1.2)	28.6
Other income and expense	6.3	-	0.1	0.1	6.5
Interest expense	(12.4)	-	-	(3.4)	(15.8)
ECT preferred unit distributions	-	-	-	(9.1)	(9.1)
Income tax (expense)/recovery	-	0.7	-	(3.3)	(2.6)
Earnings	20.7	3.8	-	(16.9)	7.6

Three months ended March 31, 2007

<i>(unaudited; millions of dollars)</i>	Alliance Canada	Saskatchewan System	Green Power	Corporate	Consolidated
Revenue	51.3	11.7	2.0	-	65.0
Operating and maintenance	(9.8)	(5.3)	(0.5)	-	(15.6)
Management and administrative	-	-	-	(1.4)	(1.4)
Depreciation and amortization	(15.8)	(4.3)	(0.7)	-	(20.8)
	25.7	2.1	0.8	(1.4)	27.2
Other income and expense	0.1	-	-	-	0.1
Interest expense	(11.8)	-	-	(3.4)	(15.2)
ECT preferred unit distributions	-	-	-	(9.1)	(9.1)
Income tax (expense)/recovery	-	0.8	-	(0.3)	0.5
Earnings	14.0	2.9	0.8	(14.2)	3.5

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

2. CAPITAL DISCLOSURES

The Fund defines capital as unitholders' equity (excluding accumulated other comprehensive loss), long-term debt (net of transaction costs), and ECT Preferred Units, less cash and cash equivalents (net of proportionately consolidated cash and cash equivalents). Non-recourse debt, consisting of debt proportionately consolidated from joint venture interests, is excluded from the Fund's definition of capital as it is not controlled or managed exclusively by the Fund.

The Fund's capital is calculated as follows:

<i>(unaudited; millions of dollars)</i>	March 31, 2008	December 31, 2007
Long-Term Debt	266.5	284.2
Unitholders' Equity	284.6	285.3
ECT Preferred Units	380.2	380.2
Cash and Cash Equivalents	(2.2)	(1.6)
	929.1	948.1

The Fund's objectives when managing capital are to maintain flexibility between

- a) enabling its businesses to operate at the highest efficiency;
- b) providing liquidity and access to capital for growth opportunities; and
- c) providing returns and generating predictable cash flow for distribution to unitholders.

These objectives are primarily met through maintenance of an investment grade credit rating, which provides access to lower cost capital. Capital is available generally through the issuance of both short and long-term debt and equity. In determining whether to issue debt or equity, the Fund considers the capital structure in light of the legislated "normal growth" restrictions outlined in Bill G52. The Fund monitors and manages its capital with a number of metrics, specifically debt to earnings before interest, taxes, depreciation and amortization in order to maintain both a strong balance sheet and stable distributions. This measure also serves as a leverage ratio covenant for the Fund's credit facility. As at December 31, 2007 and March 31, 2008, the Fund was in full compliance with its covenants.

3. RISK MANAGEMENT

Market Price Risk

The Fund's earnings are subject to movements in interest rates, foreign exchange and commodity prices (collectively, market price risk). Risk management policies, processes and systems are in place to mitigate these risks. The following summarizes the types of market price risks to which the Fund is exposed, and the risk management instruments used to mitigate them.

Interest Rate Risk

The Fund is exposed to interest rate fluctuations in the form of cash flow interest rate risk and fair value interest rate risk. Cash flows and earnings are impacted by changes in market interest rates on existing variable rate debt. The fair value of fixed rate long-term debt is also impacted by changes in market interest rates. Floating to fixed interest rate swaps are used from time to time to hedge against cash flow volatility due to the effect of future interest rate movements on existing debt instruments. As at March 31, 2008, there are no interest rate derivative financial instruments outstanding.

Based on variable rate debt balances, excluding Alliance Canada, at March 31, 2008, a 1.0% change in interest rates would result in a \$0.2 million impact to earnings. Alliance Canada is not sensitive to fluctuations in interest rates under its cost of service toll methodology. The total carrying value of the Fund's variable rate debt (including Alliance Canada) was \$139.5 million at March 31, 2008.

ENBRIDGE INCOME FUND
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Commodity Price Risk

Commodity price risk is the risk of gain or loss due to changes in the market price of commodities. The Fund is exposed to movements in the price of power through its interest in wind power assets. To manage this exposure, the Fund uses two fixed price power agreements that convert the floating price received when power is sold to a fixed rate.

A \$10 change in the price of power would have impacted other comprehensive income by \$3.2 million and earnings by \$0.5 million for the three months ended March 31, 2008. In order to derive the impact of this change, the Fund assumed capacity based on the asset's underlying performance to date, used observable market inputs to derive future power prices when such prices are unavailable, and discounted the expected cash flows.

Summary of Derivative Instruments used for Risk Management

The Fund uses the following cash flow hedges to manage changes in power prices.

Derivative Instruments used as Cash Flow Hedges

March 31, 2008

<i>(unaudited; millions of dollars, unless otherwise noted)</i>	Notional Principal or Quantity	Fair Value Payable ¹	Maturity	Unrealized Losses During Period, net of tax	Realized Losses During Period, net of tax
ChinChute Power Swap (MW/H)	2.0	(3.5)	2017	(1.2)	(0.1)
Magrath Power Swap (MW/H)	2.8	(7.9)	2024	(2.7)	(0.4)
	4.8	(11.4)		(3.9)	(0.5)

¹ See Note 4 Financial Instruments for a description of the methodology used in deriving the fair value of these instruments.

The current portion of the fair value payable is included in accounts payable and accrued liabilities, while the long-term portion is included in long-term liabilities. The Fund estimates that \$1.5 million of AOCI related to cash flow hedges will be reclassified to earnings in the next 12 months.

Unrealized Gains and Losses on Non-Hedging Derivatives

The Fund does not use derivative instruments for speculative purposes. However, if a derivative instrument is not an effective hedge for accounting purposes or is not designated as a hedging item, changes in the fair value are recorded in current period earnings. The Fund recognized net unrealized derivative losses of \$0.5 million (after tax of \$0.2 million) for the three months ended March 31, 2008 (2007 - \$nil) related to a portion of a power purchase swap agreement not designated as a hedging instrument. This instrument has a fair value payable of \$1.8 million.

ENBRIDGE INCOME FUND
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

4. FINANCIAL INSTRUMENTS

<i>(unaudited; millions of dollars)</i>	March 31, 2008		December 31, 2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	35.9	35.9	14.7	14.7
Accounts receivable and other	32.2	32.2	32.2	32.2
Held for trading ¹	5.0	5.0	5.8	5.8
	73.1	73.1	52.7	52.7
Financial Liabilities				
Accounts payable and accrued liabilities	48.5	48.5	38.5	38.5
Long-term debt ²	1,075.0	1,065.2	1,078.2	1,124.4
ECT preferred units	380.2	391.6	380.2	389.7
Long-term liabilities	1.9	1.9	3.2	3.2
Current derivatives payable ³	1.6	1.6	0.9	0.9
Long-term derivatives payable ³	11.6	11.6	6.9	6.9
	1,518.8	1,520.4	1,507.9	1,563.6

¹ Alliance Canada acquired an investment in asset-backed commercial paper, issued by a structured trust as part of Alliance Canada's current debt service requirement.

² Long-term debt includes non-recourse debt but excludes transaction costs.

³ Derivatives payable includes those derivatives used in hedging relationships and non-hedging derivatives.

The fair value of financial instruments represents the estimated amounts that would have been received from or paid to counterparties to settle these instruments at the reporting date.

The fair value of the Fund's derivative financial instruments reflects the Fund's best estimates of market value based on generally accepted valuation techniques or models and supported by published market prices for commodities. When such prices are not available, the Fund uses discounted cash flow analysis based on models derived from observable market inputs.

The fair value of the Fund's long-term debt is based on actively quoted market prices for instruments of similar yield and term. The fair value of the ECT preferred units is derived from the closing market price of the Fund's ordinary units.

The fair value of other financial assets and liabilities approximate their cost, due to either the short period to maturity or lack of an actively quoted market.

Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. In order to manage this risk, the Fund forecasts the cash requirements over the near and long term and ensures that sufficient funds will be available. The Fund's primary source of liquidity and capital resources are cash provided by operating activities and the Fund's credit facility. Cash generated by operating activities, supplemented by additional borrowings as necessary, is expected to be sufficient to meet the forecast liquidity and capital resource requirements of the Fund.

The Fund generally has no financial liabilities maturing beyond one year with the exception of its long-term debt. The following tables summarize expected cash outflows to settle both the principal and the interest payments associated with the debt.

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Long-term Debt

<i>(millions of dollars)</i>	Total	Less than 1 year	2 years	3 years	4 years	5 years	After 6 years
Long-Term Debt	270.5	-	100.0	-	80.5	-	90.0
Non-recourse Debt ¹	766.8	28.7	30.9	55.6	36.3	76.2	539.1
	<u>1,037.3</u>	<u>28.7</u>	<u>130.9</u>	<u>55.6</u>	<u>116.8</u>	<u>76.2</u>	<u>629.1</u>

¹Non-recourse debt includes both the Alliance Canada and NRGreen credit facilities. Under the NRGreen facility agreement, NRGreen has pledged as collateral its property and assigned its material agreements including its power purchase agreements with SaskPower to its lender.

Interest Obligations²

<i>(millions of dollars)</i>	Total	Less than 1 year	2 years	3 years	4 years	5 years	After 6 years
Interest payments on long-term debt ²	41.5	9.0	8.9	4.7	4.7	4.8	9.4
Interest payments on non-recourse long-term debt ^{1,2}	467.2	48.0	46.0	43.8	41.4	38.9	249.1
Total interest payments	<u>508.7</u>	<u>57.0</u>	<u>54.9</u>	<u>48.5</u>	<u>46.1</u>	<u>43.7</u>	<u>258.5</u>

¹ Includes interest on Senior Notes outstanding at Alliance Canada which is recoverable through toll revenue.

² Excludes interest on credit facilities outstanding due to the variability in the amounts outstanding each period.

Credit Risk

Credit risk arises from the possibility that a counterparty will default on its contractual obligations. Accounts receivable are subject to credit risk. The carrying values reflect Management's assessment of the associated maximum exposure to such credit risk.

Alliance Canada is exposed to credit risk since its business is concentrated in the natural gas transportation industry and its revenue is dependent upon the ability of its shippers to pay their monthly demand charges. Alliance Canada limits, to some degree, its exposure to this credit risk by requiring its shippers to provide letters of credit or other suitable security unless they maintain specified credit ratings or financial positions. As at March 31, 2008, Alliance Canada held \$37.5 million in letters of credit for these shippers.

The Saskatchewan System's trade receivables consist primarily of amounts due from companies operating in the oil and gas industry. The credit risk associated with these receivables is mitigated by credit exposure limits, contractual and collateral requirements and netting arrangements.

Green Power is exposed to credit risk since each project's primary source of fixed price revenue is a single counterparty. This risk is mitigated by requirements for counterparties to maintain specified credit ratings.

From time to time, accounts receivables and other financial assets are past due. The management and monitoring of these accounts is performed on an ongoing basis by each business. As at March 31, 2008, accounts receivable in excess of 90 days represented less than 1% of the total balance.

In 2007, Alliance Canada acquired a \$12.4 million investment in asset-backed commercial paper, issued by a structured trust as part of Alliance Canada's current debt service requirement. As a result of the liquidity issues arising in the asset-backed commercial paper market, the trust was unable to redeem this investment upon its maturity on August 31, 2007. Due to the uncertainty involved in estimating the amount and timing of cash flows associated with this investment, Alliance Canada has incorporated a discounted cash flow approach to estimate the investment's fair value using the best information currently available. As a result, the Fund recognized a fair value discount of \$0.4 million in 2007 and \$0.8 million

ENBRIDGE INCOME FUND
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

during the three months ended March 31, 2008. This estimate of fair value may differ from the actual fair value that will be realized. The carrying value of the Fund's 50% share of the investment is \$5.0 million.

5. CONTRACTUAL OBLIGATIONS

At March 31, 2008, the Fund had commitments of \$2.5 million relating to the purchase of compressor equipment at Alliance Canada, capital expenditure commitments of \$7.0 million related to the completion of NRGreen's three new waste facilities as well as \$0.5 million in purchase commitments on the Saskatchewan System.

On March 31, 2008, Alliance Canada signed a contractual services agreement expiring in December 2015 for maintenance of its compressor equipment. Under the agreement, Alliance Canada is committed to base monthly payments of US \$498,905 and €230,491. These fees may escalate each year based on an indexed price escalation formula.

6. SUBSEQUENT EVENTS

Distribution by the Fund

On April 15, 2008, 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 April 17, 2008, the Fund declared a monthly cash distribution of \$0.08 per ordinary trust unit to unitholders of record on April 30, 2008, which is payable on May 15, 2008. 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.

On May 5, 2008, the Board of Trustees of the Fund approved a 7.5% increase in distributions, on the Fund's ordinary and subordinated units and the ECT preferred units, effective with the distributions payable to holders of record on May 31, 2008. The Board of Trustees also approved a special distribution of \$0.024 payable to holders of record on May 31, 2008.