



ENBRIDGE INCOME FUND

## **NEWS RELEASE**

### **Enbridge Income Fund Announces First Quarter Earnings, Distribution Policy Change and Distribution Increase**

#### **Highlights**

- Regular monthly distribution increased 7.5%
- One-time special distribution of \$0.024 per unit declared
- First quarter earnings increased \$4.1 million or 117%.
- Alliance Canada received \$11.7 million settlement of Calpine bankruptcy claim
- Greenfield development projects on track

**Calgary, Alberta, May 5, 2008** – Enbridge Income Fund today announced that its Board of Trustees has approved a change in the distribution policy of the Fund. In conjunction with this change, the Board approved a 7.5% increase in the Fund's regular monthly distribution (from \$.08 per unit to \$0.086 per unit) and a one-time special distribution of \$0.024 per unit. The special distribution will be paid on June 13, to unitholders of record on May 31 and will coincide with the payment of the regular distribution in June.

Jim Schultz, President of Enbridge Management Services Inc., the Administrator of the Fund commented, "Historically, we have only increased distributions when we were confident that the increase could be sustained for at least five years into the future, including additional 1% annual increases, at an average payout ratio of 95%. This approach is no longer practical in light of the pending Federal Government's SIFT tax in 2011 which will reduce cash available for distribution at that time. Going forward, we will target to payout approximately 95% of distributable cash in each calendar year. When combined with the increase in our regular monthly distribution, the one time special distribution of \$0.024 per unit is expected to bring total distributions paid in 2008 to approximately 95% of cash available for distribution."

Mr. Schultz further noted that "the approved distribution increases reflect strong results in our core businesses and growing cash flow from a number of organic projects which are nearing completion. The Westspur expansion on the Saskatchewan System is in the final stages of construction and is expected to be in service in the second quarter of 2008. Expanding the Saskatchewan System, positions the Fund to take full advantage of the vast Bakken oil formation in Saskatchewan. In our Green Power segment, the Loreburn and Estlin waste heat facilities are expected to be in service in the second quarter in advance of their scheduled in-service dates, and an additional new facility is expected to be in service in the third quarter of 2008. Finally, the British Columbia receipt project on the Alliance Canada pipeline is on target for completion in late 2008."

During the three months ended March 31, 2008, the Fund declared monthly cash distributions of \$0.08 per ordinary unit. Cash distributions of the same amount per unit were also declared on the subordinated units and the ECT preferred units. The Fund pays cash distributions on a monthly basis to unitholders of record on the last business day of each month. Distributions are payable on or about the 15<sup>th</sup> day of the

month following the declaration. Cash distributions paid to ordinary and subordinated unitholders for the three months ended March 31, 2008 were \$8.3 million (2007 - \$8.3 million).

Based on current operations, the Fund estimates that approximately 90% of cash to be distributed in 2008 will be included in the income of unitholders for tax purposes. The remaining 10% of cash distributed to unitholders represents non-taxable return of capital.

#### **FORWARD LOOKING INFORMATION**

*In the interest of providing the Fund's unitholders and potential investors with information about the Fund and its subsidiaries, including management's assessment of the Fund's and its subsidiaries' future plans and operations, certain information provided in this News Release constitutes forward-looking statements or information (collectively, "forward-looking statements"). Forward-looking statements are typically identified by words such as "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Although the Fund believes that these forward-looking statements are reasonable based on the information available on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements.*

*The Fund's forward-looking statements are subject to risks and uncertainties pertaining to operating performance, regulatory parameters, weather, economic conditions and commodity prices, including but not limited to those risks and uncertainties discussed in this News Release and in the Fund's other filings with Canadian securities regulators. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent and the Fund's future course of action depends on management's assessment of all information available at the relevant time. Except to the extent required by law, the Fund assumes no obligation to publicly update or revise any forward-looking statements made in this News Release or otherwise, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Fund or persons acting on the Fund's behalf, are expressly qualified in their entirety by these cautionary statements.*

#### **NON-GAAP MEASURES**

*This News Release contains references to cash available for distribution. Cash available for distribution represents cash available to fund distributions on ordinary units, subordinated units and ECT preferred units as well as for debt repayments and reserves. This measure is important to unitholders as the Fund's objective is to provide a stable and sustainable flow of distributable cash to unitholders. Please refer to Cash Available for Distribution reconciliation on page 5. Cash available for distribution is not a measure that has standardized meaning prescribed by Canadian Generally Accepted Accounting Principles (GAAP) and is not considered a GAAP measure. Therefore, this measure may not be comparable with similar measures presented by other issuers.*

## SELECTED OPERATING AND FINANCIAL HIGHLIGHTS<sup>1</sup>

	Three months ended	
	March 31,	
<i>(millions of Canadian dollars except where otherwise noted)</i>	<b>2008</b>	2007
Average Daily Throughput Volume		
Alliance Canada (millions of cubic feet per day)	<b>1,685.0</b>	1,676.0
Saskatchewan System <sup>2</sup> (thousands of barrels per day)		
Westspur System	<b>154.6</b>	156.9
Saskatchewan Gathering System	<b>112.5</b>	109.2
Weyburn System	<b>35.0</b>	31.4
Virden System	<b>32.3</b>	22.7
Green Power (thousands of megawatt hours produced)	<b>78.9</b>	85.5
Revenue	<b>68.7</b>	65.0
Earnings	<b>7.6</b>	3.5
Per Unit (dollars per unit)	<b>0.22</b>	0.10
Cash Provided by Operating Activities	<b>44.5</b>	31.1
Cash Available for Distribution	<b>17.6</b>	18.1
Cash Distributions Declared	<b>17.4</b>	17.4
Cash Distributions Declared Per Unit (dollars per unit)		
Ordinary Units	<b>0.24</b>	0.24
Subordinated Units	<b>0.24</b>	0.24
Enbridge Commercial Trust (ECT) Preferred Units	<b>0.24</b>	0.24
Total Long-Term Liabilities	<b>1,514.6</b>	1,515.9
Total Assets	<b>1,872.6</b>	1,866.6
ECT Preferred Units (number of units)	<b>38,023,750</b>	38,023,750
Ordinary Units (number of units)	<b>20,125,000</b>	20,125,000
Subordinated Units (number of units)	<b>14,500,000</b>	14,500,000
Total Number of Units	<b>34,625,000</b>	34,625,000

<sup>1</sup>Financial Highlights have been extracted from financial statements prepared in accordance with GAAP.

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

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**CONSOLIDATED EARNINGS**

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<i>(millions of dollars)</i>	Three months ended	
		March 31,
	<b>2008</b>	<b>2007</b>
Alliance Canada	<b>20.7</b>	14.0
Saskatchewan System	<b>3.8</b>	2.9
Green Power	-	0.8
Corporate	<b>(16.9)</b>	(14.2)
<b>Earnings</b>	<b>7.6</b>	3.5

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- Alliance Canada first quarter earnings increased primarily due to the Calpine Energy Services Canada Partnership (CESCA) bankruptcy settlement received in the quarter in respect of CESCA's repudiated capacity commitment. The final settlement and interest resulted in a \$6.1 million earnings increase. Alliance Canada earnings were also positively impacted by a higher allowance for income taxes reflected in toll revenue.
- Saskatchewan System first quarter earnings increased primarily due to increased throughputs and allowance oil sales on the Virden System.
- Green Power earnings were lower than the comparable prior year period due to decreased revenue generated from NRGreen's Kerrobert facility as well as unrealized non-cash financial derivative losses of \$0.7 million recorded in the quarter. The Kerrobert facility was shut down for 26 days during the quarter in order to repair a mechanical seal. This facility is covered by warranty under which NRGreen is pursuing the recovery of repair costs. NRGreen is also pursuing recovery of lost revenue from its insurers.
- The increase in Corporate costs in the first quarter was driven by higher current taxes primarily due to the timing of the Calpine claim settlement and increased earnings in other taxable corporate entities.

## CASH AVAILABLE FOR DISTRIBUTION<sup>1</sup>

<i>(millions of dollars)</i>	Three months ended	
	2008	March 31, 2007
<b>Cash Provided by Operating Activities</b>	<b>44.5</b>	31.1
Add/(Deduct):		
ECT preferred unit distributions <sup>2</sup>	<b>9.1</b>	9.1
Alliance Canada maintenance capital expenditures <sup>3</sup>	<b>(1.8)</b>	(1.4)
Alliance Canada debt repayments <sup>4</sup>	-	-
Alliance Canada cash retained	<b>(11.9)</b>	(11.3)
Alliance Canada Calpine claim settlement retained <sup>5</sup>	<b>(6.1)</b>	-
Green Power cash retained	-	(0.6)
Saskatchewan System maintenance capital expenditures <sup>3</sup>	<b>(0.4)</b>	-
Change in operating assets and liabilities in the period <sup>6</sup>	<b>(15.8)</b>	(8.8)
<b>Cash Available for Distribution<sup>1</sup></b>	<b>17.6</b>	18.1
Cash Available for Distribution is comprised of the following:		
Alliance Canada distributions	<b>16.8</b>	16.0
Alliance Canada capital tax	-	(0.1)
Saskatchewan System operating income before depreciation, amortization and accretion	<b>7.4</b>	6.4
Saskatchewan System maintenance capital expenditures	<b>(0.4)</b>	-
Green Power distributions	<b>0.9</b>	0.9
Corporate management and administrative expense	<b>(1.2)</b>	(1.4)
Corporate other income	<b>0.1</b>	-
Corporate interest expense	<b>(3.1)</b>	(3.1)
Corporate current taxes	<b>(2.9)</b>	(0.6)
<b>Cash Available for Distribution<sup>1</sup></b>	<b>17.6</b>	18.1
ECT Preferred Unit Distributions Declared	<b>9.1</b>	9.1
Ordinary and Subordinated Units Distributions Declared	<b>8.3</b>	8.3
<b>Cash Distributions Declared</b>	<b>17.4</b>	17.4

<sup>1</sup> See Non-GAAP Measures on page 2.

<sup>2</sup> The cash available for distribution above is compared to the total distributions, including ECT preferred unit distributions. Since ECT preferred units are treated as debt under GAAP with distributions deducted from earnings, the ECT preferred unit distributions have been added back to the cash provided from operating activities.

<sup>3</sup> Maintenance capital expenditures reduce cash available for distribution since these expenditures are funded through cash from operations.

<sup>4</sup> Debt repayments in Alliance Canada are deducted from cash from operations in deriving cash available for distribution because they are funded from cash from Alliance Canada's operations.

<sup>5</sup> In January 2008, Alliance Canada received \$11.7 million from the Calpine bankruptcy claim for repudiated capacity. In April 2008, the Fund received its 50% portion of this settlement and interest.

<sup>6</sup> Change in operating assets and liabilities in the period reflect changes in non-cash working capital related to operating activities. The change has been added back to cash available for distribution since fluctuations in working capital are expected each period and are not indicative of changes in cash available to be distributed.

Cash available for distribution represents cash available to fund distributions on ordinary units, subordinated units and ECT preferred units, as well as for debt repayments and reserves.

For the three months ended March 31, 2008, cash distributions declared of \$17.4 million (2007 - \$17.4 million) represented 98.9% (2007 - 96.1%) of cash available for distribution. As at March 31, 2008, the Fund had distributed 92.4% of cash available since inception. The percentage increase in the cash available for distribution to distributions declared reflects the timing of the CESCO settlement which increased current taxes in the quarter. This increase will reverse in the second quarter to reflect Alliance Canada's distribution of the Fund's share of the settlement to the Fund.

The cash retained by Alliance Canada and Green Power reflects the cash from operations of these segments that was not distributed to the Fund. While the cash from operations was proportionately consolidated and was included in the results of the Fund, it is not available for distribution by the Fund until it has been received from Alliance Canada and the Green Power segment. Cash retained by Alliance Canada and Green Power includes debt service reserves, capital expenditures and other cash that was needed to fund working capital or other requirements of these segments.

*Enbridge Income Fund is an unincorporated, open-ended trust created to provide a stable and sustainable flow of distributable cash to unitholders. The Fund is a premier income fund in Canada with a low-risk profile focused on energy infrastructure assets. Its assets include a 50% interest in the Canadian segment of the Alliance Pipeline, a 100% interest in the various pipelines comprising the Saskatchewan System, and 50% interest in each of NRGreen Limited Partnership and the SunBridge wind project as well as a 33% interest in each of the Magrath and Chin Chute wind projects. Information about Enbridge Income Fund, including the interim consolidated financial statements and MD&A, is available on the Fund's web site at [www.enbridgeincomefund.com](http://www.enbridgeincomefund.com).*

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**ENBRIDGE INCOME FUND**  
**CONSOLIDATED STATEMENTS OF EARNINGS**

	Three months ended	
	March 31,	
<i>(unaudited; millions of dollars, except per unit amounts)</i>	<b>2008</b>	2007
Revenue	<b>68.7</b>	65.0
Expenses		
Operating and maintenance	<b>18.1</b>	15.6
Management and administrative	<b>1.2</b>	1.4
Depreciation and amortization	<b>20.8</b>	20.8
	<b>40.1</b>	37.8
Other Income and Expense	<b>6.5</b>	27.2
Interest Expense	<b>(15.8)</b>	(15.2)
ECT Preferred Unit Distributions	<b>(9.1)</b>	(9.1)
	<b>10.2</b>	3.0
Income Tax (Expense)/Recovery	<b>(2.6)</b>	0.5
Earnings	<b>7.6</b>	3.5
Basic and Diluted Earnings per Trust Unit	<b>0.22</b>	0.10

**ENBRIDGE INCOME FUND**  
**CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY**

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

**ENBRIDGE INCOME FUND**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

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

**ENBRIDGE INCOME FUND**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three months ended	
	March 31,	
<i>(unaudited; millions of dollars)</i>	<b>2008</b>	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
	<b>44.5</b>	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)
	<b>(12.8)</b>	(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)
	<b>(10.5)</b>	(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	<b>35.9</b>	33.4
Cash and Cash Equivalents	<b>11.3</b>	12.5
Cash and Cash Equivalents in Trust	<b>24.6</b>	20.9
	<b>35.9</b>	33.4

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

<i>(unaudited; millions of dollars)</i>	<b>March 31, 2008</b>	December 31, 2007
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	35.9	14.7
Accounts receivable and other	33.0	32.8
	<b>68.9</b>	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
	<b>1,872.6</b>	1,858.8
<b>Liabilities and Unitholders' Equity</b>		
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
	<b>83.0</b>	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
	<b>1,597.6</b>	1,579.7
Unitholders' Equity		
Trust units	333.4	333.4
Deficit	(48.8)	(48.1)
Accumulated other comprehensive loss	(9.6)	(6.2)
	<b>275.0</b>	279.1
	<b>1,872.6</b>	1,858.8

**ENBRIDGE INCOME FUND  
SEGMENTED INFORMATION**

**Three months ended March 31, 2008**

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

**Three months ended March 31, 2007**

<i>(unaudited; millions of dollars)</i>	<b>Alliance Canada</b>	<b>Saskatchewan System</b>	<b>Green Power</b>	<b>Corporate</b>	<b>Consolidated</b>
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
<b>Earnings</b>	<b>14.0</b>	<b>2.9</b>	<b>0.8</b>	<b>(14.2)</b>	<b>3.5</b>