



ENBRIDGE INCOME FUND HOLDINGS INC.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2010

Dated February 1, 2011

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FORWARD LOOKING INFORMATION

In the interest of providing Enbridge Income Fund Holdings Inc. (the “Corporation”) shareholders and potential investors with information about the Corporation and its subsidiaries, including management’s assessment of future plans and operations of the Corporation and its subsidiaries, certain information provided in this Annual Information Form (“AIF”) constitutes forward-looking statements or information (collectively, “forward-looking statements”). This information may not be appropriate for other purposes. 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. In particular, forward-looking statements include but are not limited to:

- *expected scope and in-service dates for projects under construction;*
- *expected timing and amount of recovery of capital costs of assets;*
- *expected future actions of regulators;*
- *expected future corporate restructuring;*
- *expected future distributions to unitholders and taxability thereof; and*
- *expected cash available for distribution and payment of dividends.*

Although the Corporation believes that these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, 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, 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. Material assumptions include assumptions about: the expected distributions to be received from Enbridge Income Fund (the “Fund”), business operations of the Fund, supply and demand for crude oil, natural gas and natural gas liquids; prices of crude oil, natural gas and natural gas liquids; expected exchange rates; inflation; interest rates; the availability and price of labour and pipeline construction materials; operational reliability; customer project approvals; maintenance of support and regulatory approvals for the Fund’s projects; anticipated in-service dates and weather. Assumptions regarding the expected supply and demand of crude oil, natural gas and natural gas liquids, and the prices of these commodities, are material to and underlay all forward-looking statements. These factors are relevant to all forward-looking statements as they may impact current and future levels of demand for the Fund’s services. Similarly, exchange rates, inflation and interest rates impact the economies and business environments in which the Fund operates, may impact levels of demand for the Fund’s services and cost of inputs, and are therefore inherent in all forward-looking statements. Due to the interdependencies and correlation of these macroeconomic factors, the impact of any one assumption on a forward-looking statement cannot be determined with certainty, particularly with respect to expected earnings and associated per unit amounts or estimated future distributions by the Fund and payment of dividends by the Corporation. The most relevant assumptions associated with forward-looking statements on projects under construction, including estimated in-service dates and expected capital expenditures include: the availability and price of labour and pipeline construction materials; the effects of inflation on labour and material costs; the effects of interest rates on borrowing costs; the impact of weather; and customer and regulatory approvals on construction schedules.

The Corporation’s forward-looking statements are subject to risks and uncertainties pertaining to operating performance, regulatory parameters, project approval and support, weather, economic and competitive conditions, exchange rates, interest rates and commodity prices, including but not limited to those risks and uncertainties discussed in this AIF and in the Corporation’s and 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 Corporation’s and Fund’s future courses of action depends on management’s assessment of all information available at the relevant time. Except to the extent required by law, the Corporation assumes no obligation to publicly update or revise any forward-looking statements made in this AIF 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 Corporation or persons acting on the Corporation’s behalf, are expressly qualified in their entirety by these cautionary statements.

GLOSSARY

In this Annual Information Form (“AIF”), unless the context otherwise requires, the following terms shall have the indicated meanings. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time.

“**ABCA**” means the *Business Corporations Act* (Alberta), as amended from time to time;

“**Administration Agreement**” has the meaning ascribed under the heading “*Directors, Officers and Management – Management Contracts*”;

“**affiliate**” or “**associate**” has the meaning ascribed thereto in the *Securities Act* (Alberta), as amended from time to time;

“**Alliance Canada**” means the Canadian portion of the Alliance pipeline system which consists of an approximately 3,000-kilometre (km) integrated, high-pressure, natural gas transmission pipeline system extending from near Gordondale, Alberta to delivery points near Chicago, Illinois and approximately 730 km of lateral pipelines located in supply areas in the northwestern Alberta and northeastern British Columbia portions of the WCSB, and related infrastructure;

“**Amended DRIP**” has the meaning ascribed under the heading “*Description of Share Capital – Dividend Reinvestment and Share Purchase Plan*”;

“**Arrangement**” means the arrangement pursuant to section 193 of the *Business Corporations Act* (Alberta) among the Fund, ECT, the Manager, Enbridge, Unitholders and the Corporation providing for the exchange of all of the Trust Units except for 9,500,000 Trust Units held by Enbridge, into Common Shares and certain other matters, and which became effective on December 17, 2010;

“**Articles**” means the Articles of Incorporation of the Corporation, as amended and/or restated from time to time;

“**Audit Committee**” means the audit committee of the Board;

“**Board**” means the board of directors of the Corporation;

“**CIBC Mellon**” means CIBC Mellon Trust Company;

“**Corporation**” means Enbridge Income Fund Holdings Inc.;

“**Common Shares**” means common shares in the share capital of the Corporation;

“**Distributable Cash**” means, in general, all amounts of cash received by the Fund, for and in respect of a particular distribution period, together with all cash amounts transferred from any reserve amount maintained by the Fund, less all expenses and liabilities of the Fund which may reasonably be considered to have accrued and become owing in respect of that distribution period or a prior distribution period (if not accrued in such prior period), amounts that may be paid by the Fund in connection with any cash redemptions or repurchases of Trust Units and ECT Preferred Units made during that distribution period, amounts that relate to repayment of any indebtedness of the Fund made during that distribution period, amounts which the Manager may reasonably consider necessary to provide for payment of any liabilities which have been or will be incurred by the Fund, and any amounts for reasonable reserves in connection with pursuing any purpose or activity of the Fund;

“**DRIP**” means the distribution reinvestment and unit purchase plan of the Fund;

"**EBITDA**" means earnings before income taxes, depreciation and amortization;

"**ECT**" means Enbridge Commercial Trust, an unincorporated trust established under the laws of Alberta;

"**ECT Audit Committee**" means the audit committee of the ECT board of trustees;

"**ECT Notes**" means the unsecured promissory notes issued by ECT from time to time;

"**ECT Preferred Units**" means the units of ECT designated as "preferred units" pursuant to the ECT Trust Indenture;

"**ECT Trust Indenture**" means the Amended and Restated Trust Indenture dated December 17, 2010 pursuant to which ECT was established, as further amended or supplemented from time to time;

"**ECT Trustees**" means the trustees of ECT from time to time;

"**ECT Units**" means the units of ECT designated as "common units" pursuant to the ECT Trust Indenture;

"**Enbridge**" means Enbridge Inc., a corporation continued under the laws of Canada. The common shares of Enbridge trade on the Toronto Stock Exchange in Canada and on the New York Stock Exchange in the United States under the trading symbol "ENB";

"**Exchange Right**" means the right of a holder of ECT Preferred Units to exchange, at its option, such ECT Preferred Units for Trust Units on a one-for-one basis, subject to adjustment in respect of anti-dilution and economic equivalence;

"**First Preferred Shares**" means the first preferred shares in the share capital of the Corporation;

"**Fund**" means Enbridge Income Fund, an unincorporated open-ended trust established under the laws of Alberta and, unless the context otherwise requires, includes ECT and the other entities owned directly or indirectly by ECT;

"**Fund AIF**" means the Annual Information Form of the Fund for the year ended December 31, 2010;

"**Fund Trust Indenture**" means the trust indenture pursuant to which the Fund was established, as amended and restated from time to time and as last amended and restated on December 17, 2010;

"**Fund Trustee**" means the trustee of the Fund, which currently is CIBC Mellon;

"**Green Power**" means the Fund's 50% interest in each of NRGreen Power Limited Partnership and the SunBridge Wind Power Project as well as a 33% interest in each of the Magrath and Chin Chute Wind Power Projects;

"**Independent ECT Trustee**" means a trustee of ECT who is "independent" in respect of the Manager and any affiliate of the Manager (as the term "independence" is used in National Instrument 58-101 *Disclosure of Corporate Governance Practices*, with necessary changes to fit the context);

"**Market Purchase Option**" has the meaning ascribed under the heading "*Description of Share Capital – Dividend Reinvestment and Share Purchase Plan*";

"**Manager**" means Enbridge Management Services Inc., a corporation incorporated under the laws of Canada;

"**Management Agreement**" has the meaning ascribed under the heading "*Directors, Officers and Management – Management Contracts*";

"**NI 52-110**" means National Instrument 52-110 *Audit Committees*, as amended;

"**Person**" includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability companies, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts and other organizations, whether or not legal entities and governments and agencies and political subdivisions thereof;

"**Pre-approval Policy**" has the meaning ascribed under the heading "*Directors, Officers and Management – Audit Committee Disclosure – Pre-Approval Policies and Procedures*";

"**Saskatchewan System**" means the crude oil and liquids pipeline system comprised of four principal assets: the Saskatchewan Gathering System; the Westspur System; the Weyburn System; and the Virden System which, collectively, comprise approximately 388 km of trunk line and 1,900 km of gathering system pipeline and related terminals and storage facilities;

"**Services Agreement**" means the Management and Administrative Services Agreement dated December 17, 2010 between the Corporation and the Manager pursuant to which the Manager provides management and administrative services to the Corporation, as amended from time to time;

"**Shareholder**" means a holder of Common Shares and/or the Special Voting Share, as the context requires;

"**SIFT**" means a specified investment flow through trust or partnership, as defined in the Tax Act;

"**SIFT Rules**" means the legislative provisions governing the taxation of SIFT trusts and SIFT partnerships and their unitholders or partners, which were announced by the Minister of Finance (Canada) on October 31, 2006 and which were enacted on June 22, 2007;

"**Special Voting Share**" means the special voting share in the share capital of the Corporation;

"**subsidiary**" has the meaning ascribed to such term in the *Securities Act* (Alberta), as amended from time to time;

"**Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time;

"**TSX**" means the Toronto Stock Exchange;

"**Treasury Issuance Option**" has the meaning ascribed under the heading "*Description of Share Capital – Dividend Reinvestment and Share Purchase Plan*";

"**Trust Units**" means the units designated in the Fund Trust Indenture as "ordinary units" of the Fund; and

"**Unitholder**" means a holder of a Trust Unit, from time to time: and, for the purposes of construing all provisions of the Fund Trust Indenture which entitle a Unitholder to: (i) vote in respect of a matter, whether at a meeting of Unitholders or by written resolution of Unitholders; or (ii) exercise rights in connection with voting at meetings of Unitholders (including, attending meetings, requisitioning meetings and submitting proposals).

ENBRIDGE INCOME FUND HOLDINGS INC.

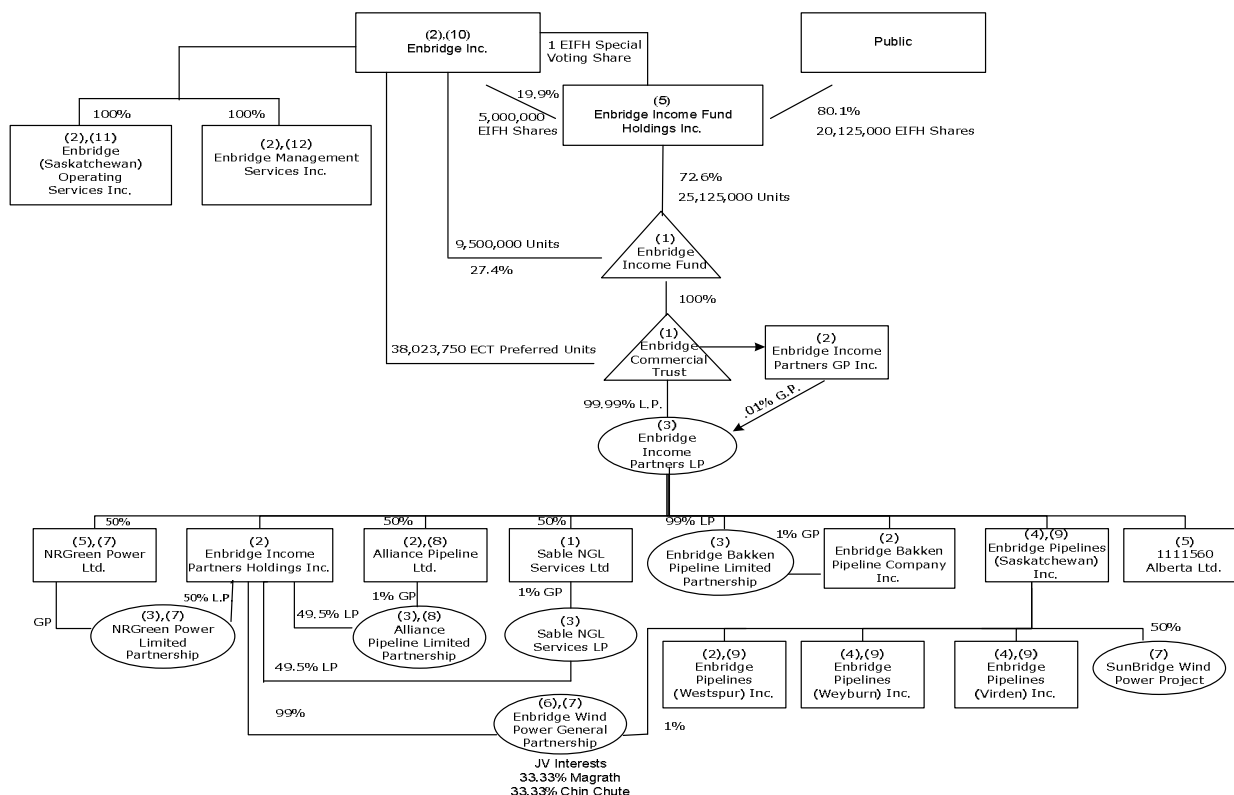
The Corporation

The Corporation was incorporated on March 26, 2010 under the ABCA. Its Articles were amended on December 16, 2010 to change the authorized share structure, limit the number of First Preferred Shares that are authorized to be issued and impose restrictions on the business that the Corporation may carry on. On December 17, 2010 the Articles were further amended to change the minimum and maximum number of Directors that can be elected or appointed to the Board and to implement the Arrangement.

The head office and registered office of the Corporation is located at 3000, 425 - 1st Street SW, Calgary, Alberta T2P 3L8.

Intercorporate Relationships

The following chart illustrates the structural relationships among the Corporation, the Fund, ECT, the Manager, Enbridge and subsidiary entities. The Fund conducts business through three operating segments: Alliance Canada, the Saskatchewan System and Green Power. Subsidiaries for which total revenue and total assets are less than 10% of the consolidated revenue and total assets of the Fund are considered immaterial and have been excluded for ease of reference. For a description of the various entities described below, see the Fund AIF which has been filed on SEDAR at www.sedar.com.



- 1) An unincorporated trust governed by the laws of the Province of Alberta.
- 2) A corporation incorporated under the laws of Canada.
- 3) A limited partnership established under the laws of the Province of Alberta.
- 4) A corporation incorporated under the laws of the Province of Saskatchewan.
- 5) A corporation incorporated under the laws of the Province of Alberta.

- 6) A general partnership established under the laws of the Province of Alberta that holds a 33.3% interest in each of the Magrath and Chin Chute Wind Power Projects.
- 7) Entities included in the Green Power segment.
- 8) Entities included in the Alliance Canada segment.
- 9) Entities included in the Saskatchewan System segment.
- 10) Enbridge holds 100% of the ECT Preferred Units.
- 11) A subsidiary of Enbridge that provides all services required to operate and administer the business of the Saskatchewan System.
- 12) A subsidiary of Enbridge that administers Enbridge Income Fund and manages Enbridge Commercial Trust and the Corporation.

General Development of the Business

The Corporation was formed for the purpose of effecting the Arrangement. As a result of the SIFT Rules announced by the Minister of Finance (Canada) on October 31, 2006, the Fund as a publicly traded income trust would be subject to a tax of 26.5% in 2011 and 25% in 2012 and subsequent years on the taxable portion of its distributions to Unitholders, thereby reducing cash available for distribution by the Fund commencing in 2011.

The *Budget Implementation Act, 2009* provided rules to facilitate the conversion of existing SIFT trusts into corporations on a tax deferred basis provided the conversion occurred prior to 2013. The legislation clarifies that Alliance Canada will continue to be a non-taxable entity for federal and provincial income tax purposes.

On October 30, 2009, the Manager proposed the Arrangement to the ECT Trustees. Information regarding the background to the Arrangement is set forth under the headings “*Special Committee*”, “*Partial Conversion to a Corporation*”, “*Arrangement Fairness Opinion*” and “*Approval and Recommendation of the Special Committee and the ECT Board*” at pages 28 to 31 of the Information Circular of the Fund dated March 31, 2010, which may be viewed on SEDAR at www.sedar.com.

The Arrangement was approved by Unitholders at the annual and special meeting of Unitholders held on May 3, 2010 and by the Court of Queen’s Bench of Alberta by Final Order granted May 6, 2010, and became effective on December 17, 2010 with the filing of Articles of Arrangement with the Registrar of Corporations for the Province of Alberta. Pursuant to the Arrangement, all of the Trust Units except for 9,500,000 Trust Units (27.4%) held by Enbridge, were exchanged for Common Shares on a 1:1 basis with the result that the Corporation holds the remaining 20,125,000 Trust Units (72.6%) and the Unitholders which exchanged their Trust Units became Shareholders. Upon completion of the Arrangement, the Corporation became a reporting issuer or equivalent in all of the Provinces of Canada, the Trust Units were delisted on the TSX and the Common Shares were listed on the TSX on December 21, 2010 under the symbol “ENF”.

Description of Business

The Corporation’s Articles restrict the business that the Corporation can carry on. Its business is limited to acquiring, holding, transferring, disposing of, investing in and otherwise dealing in assets, securities, properties or other interests of, or issued by, the Fund and its associates or affiliates, or any other business entity in which the Fund has an interest, as well as all other business and activities which are necessary, desirable, ancillary or incidental thereto, including but not limited to: borrowing funds and incurring indebtedness, guaranteeing of debts or liabilities; and issuing, redeeming or repurchasing securities.

For a description of the Fund, the Fund Trust Indenture and the Fund’s business, see the Fund AIF which is filed on SEDAR at www.sedar.com. The sections entitled “*Alliance Canada*”, “*The Saskatchewan System*” and “*Green Power*”, “*Description of the Fund*” and “*Description of ECT*” are incorporated herein by reference.

RISK FACTORS

Risk factors related to the Fund and its subsidiaries and the energy infrastructure industry apply to the Corporation as a holder of Trust Units. A discussion of risk factors applicable to each business segment of the Fund is set forth under the headings “*Alliance Canada – Business Risks*” (page 9), “*Saskatchewan System – Business Risks*” (page 13), “*Green Power – Business Risks*” (page 15) and “*Risk Management*” (page 24) in the Fund’s Management’s Discussion and Analysis for the year ended December 31, 2010. Additional risks relating to the Fund are set out under the heading “*Risk Factors*” in the Fund AIF. Risk factors applicable to the Corporation are set out under the heading “*Risk Management*” in the Corporation’s AIF. All such risk disclosure is incorporated herein by reference and may be viewed at www.sedar.com. Additional risk factors applicable to the Corporation are set forth below.

Risks Related to Ownership of Common Shares

Future Dividends

Dividends declared on the Common Shares will be wholly-dependent on the declaration of distributions by the Fund. Future dividend payments by the Corporation and the level thereof are uncertain as the Corporation’s dividend policy and the funds available for the payment of dividends from time to time will be dependent upon, among other things, operating cash flow generated by subsidiaries of the Fund and their respective operations and investments, financial requirements for the Fund and its subsidiaries’ operations and the Fund’s ability to execute its growth strategy. Further, the Corporation must satisfy solvency and liquidity tests imposed by the ABCA for the declaration and payment of dividends.

Pre-emptive Right

Pursuant to the pre-emptive right, the Corporation will be entitled to acquire that number of Trust Units which is proportionate to its respective economic interest in the Fund, taking into account the ECT Preferred Units. If the Corporation fails to fully subscribe for its proportionate share, its holdings in the Fund may be diluted.

Restriction in Business Activities

The Corporation’s business is restricted to investment in the Fund. See “*Description of Business*”. Therefore, the Corporation’s financial results are dependent on the Fund. The inability of the Fund to manage its business effectively could have a material adverse impact on the Corporation’s operations and prospects. Further, the level of the consolidated indebtedness of the Fund and its subsidiaries from time to time could impair the Corporation’s ability to obtain additional financing on a timely basis to take advantage of permitted business opportunities that may arise.

Availability and Impact of Financing

If the Corporation pays out substantially all of the distributions received from the Fund to Shareholders by way of dividend, it will have to enter into financings or other transactions involving the issuance of securities by the Corporation in order to obtain funds for business purposes. An inability to raise new equity capital may limit the Corporation’s ability to grow and execute its business plan. The issuance of equity securities may also be dilutive to Shareholders.

Risks Related to Ownership of Trust Units

Nature of Trust Units

The Corporation’s only assets are Trust Units, which represent an undivided beneficial interest in the Fund. The Fund’s sole assets consist of ECT Notes and ECT Units and other permitted investments. The Trust Units do not represent debt instruments and there is no principal amount owing to the Corporation as a

holder of Trust Units. The Trust Units do not represent shares in the Manager, Enbridge, ECT, their affiliates, subsidiaries or any other Person.

The Trust Units do not represent a direct investment in Alliance Canada, the Saskatchewan System or the Green Power businesses or any other assets of ECT or the Fund and should not be viewed by investors as an equity interest in any such businesses. As a Unitholder, the Corporation will not have statutory rights normally associated with the ownership of shares of a corporation including, for example, the right to bring legal actions against the Fund for unfair treatment, the right to require the Fund to bring legal action against third parties on behalf of the Unitholders, or the right to require payment of fair value for Trust Units owned by a dissenting Unitholder in the context of a fundamental transaction affecting the Fund.

The Trust Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of such Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Unitholder Liability

The Fund Trust Indenture provides that no Unitholder will be subject to any liability in connection with the Fund or its obligations and affairs or for any act or omission of the Fund Trustee, provided that in the event that a court determines Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Fund's assets. In addition, the Fund Trust Indenture states that no Unitholder is liable to indemnify the Fund Trustee or any other person for any liabilities incurred by the Fund Trustee, including with respect to taxes payable by the Fund or the Fund Trustee, and all such liabilities will be enforced only against, and will be satisfied only out of, the Fund's assets. The Fund Trust Indenture also provides that all reasonable efforts must be made to ensure that all contracts entered into by or on behalf of the Fund contain a provision or are subject to an acknowledgement to the effect that the obligations of the Fund thereunder will not be binding upon Unitholders personally and that such provisions and acknowledgement shall be held in trust and enforced by the Fund Trustee for the benefit of the Unitholders.

In conducting its affairs, the Fund assumes certain existing contractual obligations and may have to do so in the future. Although the Manager will use reasonable efforts to have any contractual obligations modified so as not to have such obligations binding upon any of the Unitholders personally, it may not obtain such modification in all cases. To the extent that any claims under such contracts are not satisfied by the Fund, there is a risk that a Unitholder may be held personally liable for obligations of the Fund where the liability is not disavowed as described above.

Notwithstanding the terms of the Fund Trust Indenture, Unitholders may not be protected from liabilities of the Fund to the same extent as a shareholder is protected from the liabilities of a corporation. Personal liability may also arise in respect of claims against the Fund (to the extent that claims are not satisfied by the Fund's assets) that do not arise under contract, including claims in tort, claims for taxes and other possible statutory liabilities. It is intended that the activities of the Fund, ECT, and its operating subsidiaries will be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, so far as possible, to the extent they deem practicable, any material risk of liability on the Unitholders for claims against the Fund. The Manager will, to the extent it considers possible and reasonable, carry insurance in such amounts as it considers adequate to cover the operations of the Fund and in respect of the Unitholders as additional insureds. However, most insurance policies will have exclusions for certain environmental or other liabilities. Based on the foregoing and considering the nature of the Fund's activities, its compliance with environmental regulations relating to its properties and the insurance policies which it holds, the possibility of any personal liability of this nature arising may be considered remote. There is a risk that a Unitholder could be held personally liable for the obligations of the Fund to the extent that claims are not satisfied by the Fund. The Fund Trust Indenture provides that in the event payment of a Fund obligation is made by a Unitholder, such Unitholder will be entitled to reimbursement from the available assets of the Fund. There is a risk that the Fund will not have available assets to reimburse a Unitholder, particularly if it cannot satisfy claims directly.

The *Income Trusts Liability Act* (Alberta) provides that beneficiaries of income trusts governed by the laws of Alberta are not liable, as beneficiaries, for any act, default, obligation or liability of the income trust. Unitholders of the Fund will have the benefit of this legislation with respect to liabilities arising on or after July 1, 2004. This legislation has not, to the Manager's knowledge, been subject to interpretation by courts in the Province of Alberta or elsewhere.

The net assets of the Fund are invested in ECT Units and ECT Notes and as a holder of ECT Units, the Fund Trustee is subject to potential liability for obligations of ECT in circumstances similar to those described above for the Corporation as a Unitholder. The net assets of ECT are invested in a limited partnership interest in Enbridge Income Partners LP and in equity shares of Enbridge Income Partners GP Inc. Enbridge Income Partners LP in turn may acquire and own limited partnership interests in other partnerships. A limited partner may lose the protection of limited liability if it takes part in the management and control of the business of the applicable partnership or does not comply with legislation governing limited partnerships in force in the province where the limited partner is resident or where the applicable partnership carries on business.

DIVIDENDS AND DISTRIBUTIONS

The Corporation has not declared or paid any dividends since incorporation. The ability of the Corporation to declare and pay dividends on the Common Shares is wholly-dependent on the payment of distributions by the Fund on the Trust Units and the satisfaction of solvency and liquidity tests under the ABCA. In connection with the Arrangement, the Fund Trust Indenture was amended to provide that commencing on January 1, 2011, the distribution periods of the Fund will be on a quarterly basis for the three month periods ended March 31, June 30, September 30 and December 31. The Board did not implement a dividend policy in the year ended December 31, 2010. It is anticipated that a dividend policy similar to the Fund's will be adopted, in paying out a high proportion of its available cash in the form of quarterly dividends, with the first dividend to be paid on or about April 15, 2011.

The following table summarizes the monthly cash distributions declared on the Trust Units since January 2007. The historical distribution declarations described below may not be reflective of future distribution declarations. The actual amount distributed to Unitholders is determined by the Manager, as administrator of the Fund, and is dependent on distributions being declared and paid on the ECT Units by the ECT Trustees. In determining whether to declare distributions on the ECT Units, the ECT Trustees take into account the prevailing circumstances at the time, including current and anticipated operating cash flow, debt repayments and capital expenditures and working capital requirements.

Cash Distribution Per Trust Unit

Payment Date (<i>\$ per Trust Unit</i>)	2010	2009	2008
January	0.09600	0.09600	0.08000
February	0.09600	0.09600	0.08000
March	0.09600	0.09600	0.08000
April	0.09600	0.09600	0.08000
May	0.09600	0.09600	0.11000 ¹
June	0.09600	0.09600	0.08600
July	0.09600	0.09600	0.08600
August	0.09600	0.09600	0.08600
September	0.09600	0.09600	0.08600
October	0.09600	0.09600	0.08600
November	0.09600	0.09600	0.08600
December	0.09600	0.09600	0.08600
Total	\$1.15200	\$1.15200	\$1.03200

Note:

(1) Includes the one-time special distribution of \$0.02400 per unit declared in May 2008 in conjunction with the increase to the Fund's monthly distribution.

The cash distributions paid by the Fund to Unitholders included a non-taxable return of capital. The non-taxable return of capital to the Unitholder reduces the adjusted cost base of the Unitholder's Trust Units. A breakdown of the taxable and non-taxable portions for each year is provided below.

<i>(\$ per Trust Unit)</i>	2010	2009	2008
Dividend Income	-	0.06882	-
Other Taxable Income	0.9216	0.88347	0.93240
Non-taxable Return of Capital	0.2304	0.19971	0.09960
Total Distribution	1.1520	1.15200	1.03200

Distribution Policy of the Fund

The Fund targets to distribute approximately 95% of Distributable Cash in each calendar year. The distribution will not typically be adjusted in circumstances where a change in Distributable Cash is not considered to be recurring. The remaining 5% of Distributable Cash retained by the Fund is used to repay debt obligations and for general purposes. In years prior to 2011, monthly distributions were made to Unitholders of record as of the close of business on the last business day of each month (except in December 2010, when the record date was December 14, 2010) and paid to Unitholders on or about the 15th day of the following month. Commencing on January 1, 2011, the distribution periods will be on a quarterly basis for the 3 month periods ended March 31, June 30, September 30 and December 31.

Distribution Limitations

Should the Manager determine that the Fund does not have sufficient cash to pay the full amount of any distribution declared, payment of such distribution may, at the option of the Manager, result in the issuance of additional Trust Units, or fractions of Trust Units if necessary, having an aggregate value equal to the difference between the distribution declared and the cash available for the payment of such distribution. The value of each Trust Unit to be issued for payment of distributions shall equal the "market price" (as determined in accordance with the provisions of the Fund Trust Indenture).

The Fund credit facility includes a provision that prohibits distributions to Unitholders if an event of default exists under the applicable credit agreement. The Fund credit facility also includes a covenant that limits unconsolidated indebtedness to four times earnings before EBIDA. In the event of default and in the absence of a waiver from the lenders, failure to remediate a breach of this covenant could result in a reduction of distributions to Unitholders.

The Fund Trust Indenture and the Fund credit facility agreement may be viewed on SEDAR at www.sedar.com under the Fund's profile.

DESCRIPTION OF SHARE CAPITAL

The authorized share capital of the Corporation consists of an unlimited number of Common Shares, First Preferred Shares, issuable in series and limited to one-half of the number of Common Shares issued and outstanding at the relevant time, and one Special Voting Share, of which an aggregate of 25,125,000 Common Shares, no First Preferred Shares and one Special Voting Share are issued and outstanding. The following is a summary of the rights, privileges, restrictions and conditions attaching to the authorized share capital of the Corporation.

Common Shares

Holders of Common Shares are entitled to one vote per share at meetings of Shareholders, to receive dividends if, as and when declared by the Board and to receive pro rata the remaining property and

assets of the Corporation upon its dissolution or winding-up, subject to the rights of shares having priority over the Common Shares.

First Preferred Shares

The First Preferred Shares may at any time and from time to time be issued in one or more series. Each series of First Preferred Shares shall consist of such number of shares and such rights, privileges, restrictions and conditions as may be determined by the Board prior to the issuance thereof, and subject to the limitation that the number of First Preferred Shares issued cannot exceed one-half of the number of Common Shares issued and outstanding at the time of issuance. Holders of First Preferred Shares shall be entitled to priority over the Common Shares with respect to the payment of dividends and the distribution of assets of the Corporation upon the liquidation, dissolution or winding-up of the Corporation. The First Preferred Shares of each series shall rank on parity with the First Preferred Shares of every other series in respect of the payment of dividends and in the distribution of assets of the Corporation in the event of any liquidation, dissolution or winding-up of the Corporation.

Special Voting Share

The holder of the Special Voting Share shall be entitled to receive notice of and to attend all annual and special meetings of Shareholders and shall be entitled to elect one director to the Board for so long as the holder beneficially owns or controls, directly or indirectly, between 15% and 39% of the issued and outstanding Common Shares, provided that if the holder of the Special Voting Share elects to exercise its right to elect one director, it will not exercise the votes attaching to the portion of Common Shares held by such holder representing its pro-rata representation on the Board in respect of the election of the remaining directors of the Corporation at meetings of Shareholders. Where the holder of the Special Voting Share beneficially owns or controls, directly or indirectly, more than 39% of the issued and outstanding Common Shares, the right to elect one director to the Board shall cease and such holder shall be entitled to exercise all of the votes attached to the Common Shares held by it in respect of the election of all directors of the Corporation at meetings of Shareholders. The holder of the Special Voting Share will not be entitled to receive, in respect of the Special Voting Share, any dividends or to participate in any distribution of the property or assets of the Corporation upon the liquidation, dissolution or winding-up of the Corporation. The Special Voting Share will only be transferable or assignable to an affiliate of Enbridge.

Dividend Reinvestment and Share Purchase Plan

In connection with the Arrangement, the Fund assigned the DRIP to the Corporation and the DRIP was amended and restated ("**Amended DRIP**") to provide that all existing participants in the DRIP are deemed to be participants in the Amended DRIP without any further action on their part. The Amended DRIP also provides that, among other things, (i) holders of Common Shares may direct their cash dividends to be reinvested in additional Common Shares which may, at the discretion of the Manager, be purchased by CIBC Mellon, in its capacity as the plan agent, through the facilities of the TSX ("**Market Purchase Option**"), be issued directly from the treasury by the Corporation ("**Treasury Issuance Option**") or be acquired through a combination of the Market Purchase Option and the Treasury Issuance Option, and (ii) subject to applicable law and regulatory filings, holders of Common Shares will be entitled to make optional cash payments (minimum of \$300 and a maximum of \$3,000 per quarter) to the plan agent for the purchase of additional Common Shares. The above is qualified in its entirety by the complete text of the Amended DRIP, which may be viewed on SEDAR at www.sedar.com.

Shareholder Rights Plan

The Corporation adopted a Shareholder Rights Plan, which was approved by Unitholders at the meeting held to approve the Arrangement. The Shareholder Rights Plan Agreement dated as of December 17, 2010 between the Corporation and CIBC Mellon as Rights Agent may be viewed on SEDAR at www.sedar.com.

MARKET FOR SECURITIES

The Common Shares were listed on the TSX on December 21, 2010 under the stock symbol "ENF". The following table sets forth the monthly price range and volume traded for the Common Shares for the period December 21, 2010 to December 31, 2010.

Month	High (\$)	Low (\$)	Close (\$)	Volume
December 21 – 31	19.70	17.00	18.10	262,993

The Common Shares were listed in substitution for the Trust Units, which were delisted on December 21, 2010. The following table sets forth the monthly price range and volume traded for the Trust Units for each month during the year ended December 31, 2010.

Month	High (\$)	Low (\$)	Close (\$)	Volume
January	13.54	12.57	12.86	974,051
February	12.90	12.00	12.64	812,103
March	13.44	12.42	12.79	984,585
April	13.62	12.51	12.98	754,621
May	14.25	12.95	13.31	1,250,757
June	14.10	13.20	13.73	1,205,766
July	14.74	13.25	13.80	836,030
August	15.00	13.58	14.99	1,053,050
September	15.90	14.33	15.86	867,831
October	16.74	15.60	16.60	517,986
November	17.06	15.65	17.06	525,864
December 1 - 20	18.45	16.05	17.10	3,964,543
Annual	18.45	12.00	17.10	13,747,187

PRIOR SALES

One Common Share was issued to Enbridge on March 26, 2010 for the sum of \$1.00 in connection with the incorporation and organization of the Corporation. Pursuant to the Arrangement, on December 17, 2010, the Common Share was redeemed and cancelled, an aggregate of 25,125,000 Common Shares (all of which are listed on the TSX) were issued in exchange for 25,125,000 Trust Units and the one Special Voting Share was issued to Enbridge for the sum of \$1.00.

DIRECTORS, OFFICERS AND MANAGEMENT

Directors and Officers

John Whelen is the President, and Colin Gruending is the Chief Financial Officer, of the Corporation. They are employees of Enbridge as well as the President and Chief Financial Officer, respectively of the Manager. All of the Directors of the Corporation were elected on December 17, 2010 and are also Trustees of ECT. J. Richard Bird is an employee of Enbridge and is the Enbridge representative on the ECT Board of Trustees.

The following table sets forth as at December 31, 2010, the names of the Directors, their municipalities of residence, principal occupations within the five preceding years, the year during which they first became a Director and the number and percentage of Common Shares beneficially owned, or controlled or directed, directly or indirectly, as well as information on Charles W. Fischer, who was appointed a Director on

February 1, 2011 to fill the vacancy arising from Mr. Braithwaite's resignation. The Directors will hold office until the next annual Shareholder's meeting.

<u>Name and Municipality of Residence</u>	<u>Principal Occupation or Business During the Prior Five Years</u>	<u>Director Since</u>	<u>Holdings of Common Shares</u>
Richard H. Auchinleck ⁽¹⁾⁽²⁾ Calgary, Alberta	Mr. Auchinleck is a member of the ECT Audit Committee. He has been a professional corporate director since 2001, when he retired as President and Chief Executive Officer of Gulf Canada. Mr. Auchinleck has served as a director of ConocoPhillips, TELUS Corporation, Sonic Mobility Inc. and Red Mile Entertainment Inc. He holds a B.Sc. (Chemical Engineering) from the University of British Columbia Columbia and a P.Eng. Mr. Auchinleck is a member of AEGGA and the Institute of Corporate Directors.	2010	10,000 (0.04%)
Catherine M. (Kay) Best ⁽¹⁾⁽²⁾ Calgary, Alberta	Ms. Best is Chair of the ECT Audit Committee. She was the Executive Vice-President, Risk Management and Chief Financial Officer of the Calgary Health Region from February 2000 to March 2009, responsible for all finance functions. Ms. Best is also a director of Canadian Natural Resources Limited and Superior Plus Corporation. She is a Chartered Accountant, a Fellow of the Institute of Chartered Accountants of Alberta and a graduate of the Directors' Education Program, Corporate Governance College of the Institute of Corporate Directors.	2010	8,000 (0.03%)
J. Richard Bird Calgary, Alberta	Mr. Bird is the Executive Vice President, Chief Financial Officer and Corporate Development of Enbridge and has been a senior executive officer of Enbridge for over 16 years. Mr. Bird is a director of Enbridge Pipelines Inc., Enbridge Gas Distribution Inc., Gaz Métro inc. and Bird Construction Inc. He holds a B.A. from the University of Manitoba and a M.B.A. and Ph.D. from the University of Toronto. Mr. Bird is also a graduate of the Advanced Management Program at the Harvard Business School.	2010	110,000 (0.44%)
J. Lorne Braithwaite ⁽¹⁾⁽⁴⁾ Toronto, Ontario	Mr. Braithwaite has been a professional corporate director since 2001 and is also a director of Enbridge, Enbridge Gas Distribution Inc., Jannock Properties Limited, Bata Shoe Corporation, Northern Group Retail Ltd. and SEACAN Realty, and Chairman of the Investment Advisory Committee for the Canada Post Pension Plan. Mr. Braithwaite holds a M.B.A. from the University of Western Ontario.	2010	10,864 (0.04%)
M. Elizabeth Cannon ⁽¹⁾ Calgary, Alberta	Dr. Cannon is the President of the University of Calgary. She has held a number of positions over the last 20 years with the University of Calgary, including Dean of the Schulich School of Engineering and Professor of Geomatics Engineering. 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 is a P.Eng. and holds holds a Ph.D. (Engineering), M.Sc. and B.Sc. (Geomatics Engineering) from the University of Calgary, and a B.Sc. (Mathematics) from Acadia University.	2010	10,000 (0.04%)

<u>Name and Municipality of Residence</u>	<u>Principal Occupation or Business During the Prior Five Years</u>	<u>Director Since</u>	<u>Holdings of Common Shares</u>
Gordon G. Tallman ⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta	Mr. Tallman is Chair of the ECT Board of Trustees and a member of the ECT Audit Committee. He has been a 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 a director of Big Rock Brewery Ltd., Oilsands Quest Inc. and PFB Corporation and has also served as a director of CV Technologies Inc., Canadian Utilities Limited, Enerjet, ECL Group of Companies Ltd., Mount Royal College Foundation and Investment Saskatchewan Inc. He is a graduate of the Directors' Education Program, Corporate Governance College of the Institute of Corporate Directors.	2010	110,000 (0.44%)
Charles W. Fischer ⁽¹⁾⁽⁴⁾ Calgary, Alberta	Mr. Fischer was the President & Chief Executive Officer of Nexen Inc. from 2001 to 2008. Since 1994, he has held various executive positions within Nexen Inc., including the positions of Executive Vice President & Chief Operating Officer in which he was responsible for all Nexen's conventional oil and gas business in Western Canada, the US Gulf Coast and all international locations, as well as oil sands, marketing and information systems activities worldwide. Prior thereto, Mr. Fischer held positions with Dome Petroleum Ltd., Hudson's Bay Oil & Gas Ltd., Bow Valley Industries Ltd., Sproule Associates Ltd. and Encor Energy Ltd. He holds a B.Sc. (Chemical Engineering) and a M.B.A.	2011	Nil

Notes:

- (1) Independent Director.
- (2) Member of Audit Committee.
- (3) 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.
- (4) On February 1, 2011, Mr. Braithwaite resigned as a Director and Mr. Fischer was appointed to fill the vacancy.

Audit Committee Disclosure

NI 52-110 requires the Fund to disclose annually information relating to its audit committee and its relationship with the Fund's auditor. The disclosure in this section is the disclosure required in Form 52-110F1.

Audit Committee Charter

A copy of the Terms of Reference for the Audit Committee is included as Appendix A to this AIF.

Composition of the Audit Committee

The following table sets forth the names of each member of the Audit Committee and whether or not the member is (i) independent and/or (ii) financially literate (as each of those terms is used in NI 52-110):

<u>Name</u>	<u>Independent</u>	<u>Financially Literate</u>
Richard H. Auchinleck	Yes	Yes
Catherine M. (Kay) Best	Yes	Yes
Gordon G. Tallman	Yes	Yes

Additional information about each of the members of the Audit Committee can also be found under the heading “*Director, Officers and Management – Directors and Officers*”.

Relevant Education and Experience

The following is a brief summary of the education or experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by the Corporation to prepare its annual and interim financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves, experience in preparing, auditing, analyzing or evaluating financial statements of a breadth and complexity similar to those of the Corporation’s and an understanding of internal controls and procedures for financial reporting.

<u>Name</u>	<u>Relevant Education and Experience</u>
Richard H. Auchinleck	In his role as Chief Executive Officer of a large public energy company, Mr Auchinleck was actively involved in the review and analysis of financial statements. He has served as a director, officer and audit committee member of several public companies and has attended continuing professional education seminars related to audit matters which receive credit applicable to the Texas State Board of Public Accountancy.
Catherine M. (Kay) Best	Ms. Best is a Chartered Accountant with 20 years experience as a staff member and partner of an international public accounting firm. Ms. Best was also the Executive Vice-President, Risk Management and Chief Financial Officer of the Calgary Health Region for over 9 years, where she was responsible for all finance functions. During her tenure in public accounting, she was responsible for direct oversight and supervision of a large staff of auditors conducting audits of significant publicly traded entities, including many oil and gas companies. This oversight and supervision required Ms. Best to maintain a current understanding of generally accepted accounting principles and be able to assess their application to each of her clients. It also required an understanding of internal controls and financial reporting processes and procedures.
Gordon G. Tallman	Mr. Tallman is a graduate of Dalhousie University’s Executive Summer School Program as well as the University of Virginia’s International Lending Program. He had a 41 year career at a Schedule A Canadian bank, including 21 years as an executive and 4 years as Chief Auditor, during which time he actively supervised persons engaged in preparing, auditing, analyzing and evaluating financial statements. Mr. Tallman has also served as a director, officer, audit committee member or risk committee member of several public companies.

Pre-Approval Policies and Procedures

Pursuant to the Audit Committee’s Terms of Reference, the Audit Committee’s duties and responsibilities specifically include pre-approval of non-audit services to be provided to the Corporation or its subsidiaries by the Corporation’s auditor. In order to guide and facilitate the Audit Committee’s discharge of this duty and responsibility, the Audit Committee approved a Non-audit Services Pre-approval Policy (the “**Pre-Approval Policy**”) on December 17, 2010.

The Pre-Approval Policy prescribes categories of both permitted and prohibited services which either may or may not be performed by the Corporation's auditor. In the case of permitted services, the Audit Committee must oversee and provide prior approval of the services, with the exception that the Chair of the Audit Committee has the authority to engage the Corporation's auditor for permitted services with fees of up to \$5,000 between meetings of the Audit Committee, subject to confirmation by the Audit Committee at its next meeting. Permitted services include:

- a) assurance (audit) services, including audits of subsidiaries and benefits plans, accounting consultation and special procedures;
- b) tax services, including tax research and assistance with respect to Canadian and foreign tax issues and tax planning;
- c) reviews of operational controls and effectiveness risk, including enterprise risk management, corporate governance and compliance management;
- d) reviews of technology risks, including security reviews, systems implementation control reviews and forensic investigation; and
- e) reviews of financial risk, including due diligence reviews and valuation advice relating to post- employment benefits.

The Audit Committee believes that it is appropriate for the Corporation to preserve its ability to retain its external auditors for non-audit services in the permitted categories as they may be best equipped to render certain categories of services (such as tax compliance services) to the Corporation in the most efficient and economical manner.

External Auditor Service Fees

The Corporation's external auditor, PricewaterhouseCoopers LLP did not bill the Corporation for any fees in the year ended December 31, 2010.

Management Contract

The Corporation has no employees and responsibility for the day-to-day management and general administration of the Corporation has been delegated to the Manager pursuant to the Services Agreement. The ABCA provides that the following matters cannot be delegated and that only the Board has authority to:

- a) submit to Shareholders any question or matter requiring the approval of the Shareholders;
- b) fill a vacancy among the Directors or in the office of Auditor;
- c) appoint additional Directors;
- d) issue securities except in the manner on the terms authorized by the Directors;
- e) declare dividends;
- f) purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the Directors;

- g) pay a commission in consideration of the purchase or agreement to purchase shares of the Corporation from the Corporation or from any other Person, or for procuring or agreeing to procure purchasers for shares of the Corporation;
- h) approve a management proxy circular;
- i) approve financial statements of the Corporation; and
- j) adopt, amend or repeal bylaws.

The Services Agreement provides that the Manager may delegate the performance of services to any Person, including affiliates of the Manager, without the prior written consent of the Corporation, provided that such delegation shall not relieve the Manager of the responsibility for the performance of the services. The Services Agreement provides that the Manager shall not: (a) charge or receive fees or expense reimbursement for the performance of services other than as provided for in the Services Agreement unless the prior written approval of a majority of the independent Directors of the Corporation is obtained; and (b) have the authority to enter into or commit to any transaction which, in accordance with applicable laws, requires the approval of the Shareholders or the Board, without first obtaining such approval.

The Services Agreement has an initial term until June 30, 2023 and is automatically renewed for additional successive five year terms unless the Manager provides at least 180 day's written notice prior to the expiry of the initial term or renewal term of its intention not to renew the Services Agreement. The Services Agreement may also be terminated by either the Corporation or the Manager if the other is in default under the Services Agreement.

Provided that a fee arrangement exists between the Manager and the Fund, no fee is payable by the Corporation to the Manager in connection with the provision of services by the Manager under the Services Agreement. The Manager is providing administrative and general support services to the Fund pursuant to an Amended and Restated Administrative Services Agreement dated December 17, 2010 ("**Administration Agreement**") among the Manager, the Fund Trustee, the Fund and ECT and is also providing management and general administration services to ECT pursuant to a Management Agreement between the Manager and ECT which was amended and restated on December 17, 2010 ("**Management Agreement**"). See "*Fund Trustees, Audit Committee and Management – Management Contracts*" in the Fund AIF which can be viewed on SEDAR at www.sedar.com for a more detailed description of these agreements as well as other agreements relating to the provision of management services by the Manager and an affiliate of the Manager to the Fund and its subsidiaries.

The Manager

The Manager is incorporated under the laws of Canada and is a wholly-owned subsidiary of Enbridge. The head office of the Manager is located at 3000, 425 - 1st Street SW, Calgary, Alberta, T2P 3L8. The names, municipalities of residence and principal occupations of the directors and officers of the Manager as at February 1, 2011, together with brief biographies of those that are not also a Director, are set out below:

Name and municipality of residence	Position with the Manager	Principal occupation
Angela J. Bargaen Calgary, Alberta	Treasurer	Director of Treasury, Enbridge
J. Richard Bird Calgary, Alberta	Director	Executive Vice President, Chief Financial Officer and Corporate Development, Enbridge
Colin K. Gruending Calgary, Alberta	Chief Financial Officer	Vice-President and Controller, Enbridge

Name and municipality of residence	Position with the Manager	Principal occupation
Leigh D. Kelln Calgary, Alberta	Controller	Director, Financial Reporting, Enbridge
Debra J. Poon Calgary, Alberta	Corporate Secretary	Senior Legal Counsel, Enbridge
David T. Robottom Calgary, Alberta	Director	Executive Vice President and Chief Legal Officer, Enbridge
John K. Whelen Calgary, Alberta	President	Senior Vice President, Corporate Development, Enbridge
Stephen J. Wuori Calgary, Alberta	Director	President, Liquids Pipelines, Enbridge

Angela Bargaen Ms. Bargaen was appointed the Treasurer of the Manager in September 2010 and is the Director of Treasury of Enbridge responsible for administering the syndicated credit arrangements and Canadian capital market activities for the Enbridge group of companies. Prior to her current position, she held other financial reporting positions at Enbridge, including IFRS Project Director, responsible for enterprise-wide implementation of International Financial Reporting Standards, Director of Financial Reporting and Controller of the Manager. Ms. Bargaen is a Chartered Accountant.

Colin K. Gruending Mr. Gruending was appointed Chief Financial Officer of the Manager on November 3, 2010 and is Vice-President and Controller of Enbridge, responsible for enterprise systems of control, budgeting, accounting research and financial reporting. Prior to his current position, Mr. Gruending was Director, Investor Relations of Enbridge. Mr. Gruending is a Chartered Accountant and Chartered Financial Analyst.

Leigh D. Kelln Ms. Kelln is the Controller of the Manager and Director, Financial Reporting of Enbridge. Prior to her employment with Enbridge, Ms. Kelln was Corporate Controller of a Calgary, Alberta based international oilfield services firm. Ms. Kelln is a Chartered Accountant and holds a B.Comm. (with distinction) from the University of Calgary.

Debra J. Poon Ms. Poon was appointed Corporate Secretary of the Manager in January 2011 and is a Senior Legal Counsel with Enbridge. She joined Enbridge in August 2010 from McCarthy Tétrault LLP (law firm) where she practiced corporate, commercial and securities law. Ms. Poon is a member of the Law Society of Alberta and the Law Society of Upper Canada. She holds a LL.B. and a B.A. from the University of Alberta.

David T. Robottom Mr. Robottom is the Executive Vice President and Chief Legal Officer of Enbridge and has been a senior executive officer of Enbridge since June 2006. Prior to joining Enbridge, Mr. Robottom was a senior partner with Stikeman Elliott LLP (law firm), and prior to that, a partner and Chief Executive Officer at Fraser Milner Casgrain LLP (law firm). He is also a director of Gaz Métro Limited Partnership, Gaz Métro inc. and Enbridge Gas Distribution Inc. Mr. Robottom holds a B.Comm. (with distinction), a M.B.A. and a LL.B. He is a graduate of the Advanced Management Program at the Harvard Business School.

John K. Whelen Mr. Whelen is the President of the Manager and Senior Vice-President, Corporate Development of Enbridge, responsible for Enbridge's corporate development and planning functions. Prior to his current position, he was Vice-President and Treasurer of Enbridge, responsible for corporate and project finance, cash management and banking, and financial risk management. Mr. Whelen holds a B.Sc. (Economics) from the University of Victoria and a M.B.A. (Finance) from McMaster University.

Stephen J. Wuori Mr. Wuori is the President, Liquids Pipelines of Enbridge, has been a senior executive officer of Enbridge for over 12 years and has over 30 years of operations and business experience at

Enbridge. He is also a director of Enbridge Pipelines Inc., Enbridge Energy Company, Inc. and Enbridge Energy Management, L.L.C. Mr. Wuori, holds a B.Sc. (Civil Engineering) from Michigan Technological University and is a graduate of the Advanced Management Program at the Harvard Business School.

Each of the directors and officers of the Manager are also employees of Enbridge and/or subsidiaries of Enbridge. In their role as directors and officers of the Manager, they devote such time as is required for the Manager to fulfill its obligations to the Fund.

At December 31, 2010, the officers and directors of the Manager beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 120,674 Common Shares or 0.48% of the issued and outstanding Common Shares.

CONFLICTS OF INTEREST AND FIDUCIARY DUTIES

Certain conflicts of interest could arise as a result of the relationships among the Corporation, the Fund, Enbridge, ECT, the Manager and their respective subsidiaries. The executive officers of the Corporation are officers of the Manager and also officers and employees of Enbridge and/or its subsidiaries, which create the potential for conflicts of interest. Enbridge will, directly or indirectly through the Manager and other subsidiaries make decisions and recommendations relating to investments of Enbridge Income Partners LP, including the operations of Enbridge Saskatchewan. The Corporation, the Fund, ECT, the Manager, Enbridge Income Partners LP, Enbridge Income Partners GP Inc., Enbridge Income Partners Holdings Inc. and Enbridge Saskatchewan do not have any employees and they are and will continue to be dependent upon Enbridge and its subsidiaries for management, administrative and operating services in connection with their respective investments, businesses and affairs. The directors and officers of Enbridge and the Manager have fiduciary duties to manage Enbridge and the Manager, respectively, including investments in subsidiaries, in a manner beneficial to Enbridge and the Manager, respectively. The duties of the directors and officers of the Manager and Enbridge may come into conflict with their duties to the Corporation, the Fund and ECT. All of the Directors are also ECT Trustees. The risk of conflict is, in part, mitigated by the requirement for approval of material transactions between the Fund or any of its subsidiaries and the Manager or any of its affiliates by a majority of the Independent ECT Trustees. As well, the ABCA contains requirements relating to disclosure of interests in material transactions involving the Corporation and abstention from voting on such transactions.

The Management Agreement between ECT and the Manager provides that if the interests of Enbridge come into material conflict with those of the Fund with respect to any matter or transaction, the Manager must give written notice to the Fund briefly setting forth the particulars of the conflict. ECT Trustees are responsible to take all actions and make all decisions relating to the matters giving rise to the conflict of interest. This responsibility is subject at all times to requirements for approval of the terms of transactions between the Manager or its affiliates and the Fund or any of its subsidiaries by the Independent ECT Trustees.

Enbridge is currently engaged in, and may become engaged in, businesses or activities that are, or may be, in competition or conflict with the business carried on by the Fund and therefore, the interests of the Corporation. Additionally, Enbridge continues to retain an interest in Alliance USA. Neither Enbridge nor its affiliates and associates (excluding the Manager) are prohibited by the Services Agreement, the Management Agreement, the Administration Agreement or any other agreement with the Corporation or the Fund from competing with the Corporation or the Fund, or from acquiring, investing in, or providing administrative or managerial services to, a competitor of the Corporation or the Fund. Enbridge may not, however, become engaged in activities that when objectively viewed would constitute, or reasonably likely give rise to, a material adverse change in the financial affairs of the Fund unless the Fund declined to pursue such activities and they have been or are reasonably expected to be undertaken by third parties.

There are, however, no provisions which prohibit or restrain Enbridge from continuing to carry on, be engaged in, or develop any business or activity which could be viewed as materially adverse to the financial affairs of the Fund provided that Enbridge was developing or engaged in such business as at June 23, 2003.

For more information regarding Enbridge's and its affiliates' relationships to the Fund and its affiliated entities, see "*Enbridge Income Fund - Structure of the Fund*", and "*Fund Trustees and Management - The Manager*" in the Fund AIF which is filed on SEDAR at www.sedar.com.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The only material interests, direct or indirect, of any director or executive officer of the Corporation or of a Person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares and of any associate or affiliate of the foregoing, in any transaction within the three most recently completed financial years or during the current financial year that has, or is reasonably expected to, materially affect the Corporation are set forth below.

1. The Manager, a wholly-owned subsidiary of Enbridge, is responsible for providing management and administrative services to the Corporation, the Fund and ECT, and will receive compensation from the Fund and ECT for such services. See the Fund AIF and financial statements filed on SEDAR at www.sedar.com for disclosure of amounts paid to the Manager.
2. Pursuant to the Arrangement, Enbridge agreed to replace its right to require ECT to purchase all or a portion of the ECT Preferred Units for cancellation with the Exchange Right. See "*Material Contracts – Exchange Right Support Agreement*".
3. Pursuant to the Arrangement, the Fund Trust Indenture was amended to provide each of the Corporation and Enbridge with a pre-emptive right to acquire any Trust Units proposed to be issued by the Fund in proportion to their respective economic interest in the Fund, taking into account the ECT Preferred Units. If the Corporation does not subscribe for its proportionate share, its interest in the Fund may be diluted.

MATERIAL CONTRACTS

Agreements that may be considered material to the Corporation, other than agreements entered into in the ordinary course of business, are as follows:

1. the Services Agreement. See "*Directors, Officers and Management – Management Agreement*";
2. the Shareholder Rights Plan Agreement. See "*Description of Share Capital – Shareholder Rights Plan*";
3. the Amended DRIP. See "*Description of Share Capital - Dividend Reinvestment and Share Purchase Plan*";
4. Unitholders' Agreement made as of December 17, 2010 among the Corporation, the Fund, Enbridge and the Manager pursuant to which: (a) the Corporation and Enbridge granted each other identical rights of first refusal on any Trust Units proposed to be sold by the other pursuant to a *bona fide* third party offer to purchase; and (b) Shareholders were granted tag-along rights in the event any Person offers to acquire not less than 90% of each of the ECT Preferred Units, Trust Units and Common Shares beneficially owned by Enbridge and its affiliates, except where such offer is made by way of *bona fide* arm's length take-over bid, amalgamation, arrangement or other transaction made in writing to all Shareholders for all or a portion of the Common Shares in accordance with applicable corporate and securities legislation. The third party offeror is obligated to extend the offer to purchase to the Common Shares held by the other Shareholders on economically equivalent terms and conditions; and
5. Exchange Right Support Agreement made as of December 17, 2010 among the Corporation, the Fund, ECT, Enbridge and the Manager pursuant to which Enbridge was granted the Exchange Right. If Enbridge exchanges all of the issued and outstanding ECT Preferred Units, it will receive an aggregate of 38,023,750 Trust Units which will increase its holdings in the Fund to 65%.

The foregoing agreements may be viewed on SEDAR at www.sedar.com.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for the Common Shares is CIBC Mellon at its principal offices in Calgary, Alberta and Toronto, Ontario.

INTEREST OF EXPERTS

The financial statements of the Corporation for the period from incorporation to December 31, 2010 have been audited by PricewaterhouseCoopers LLP, Chartered Accountants, as set forth in their auditors' report dated February 1, 2011. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com. Additional Information, including directors' and officer's remuneration and indebtedness and principal holders of the Corporation's securities is contained in the Corporation's information circular for its most recent annual meeting of Shareholders. Additional financial information is provided in the Corporation's audited financial statements and Management's Discussion and Analysis for the year ended December 31, 2010.

Enbridge Income Fund

Additional information about Enbridge Income Fund can be found in its financial statements, Management's Discussion and Analysis and AIF filed with Canadian Securities Regulatory Authorities and may be viewed at www.sedar.com. Except as expressly set forth herein these documents, or any part thereof, are not incorporated by reference into this AIF.

Effective Date

Unless otherwise specifically herein provided, the information contained in this AIF is stated as at December 31, 2010.

APPENDIX A

ENBRIDGE INCOME FUND HOLDINGS INC.

AUDIT COMMITTEE

TERMS OF REFERENCE

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

I. CONSTITUTION

There shall be a committee, to be known as the Audit Committee (the "**Committee**"), of the Board of Directors (the "**Board**") of Enbridge Income Fund Holdings Inc. (the "**Corporation**").

The purpose of the Committee shall be to directly oversee the work of the external auditors (the "**Auditors**") of the Corporation engaged for the purpose of preparing or issuing an auditor's report and performing other audit, review or attestation services for the Corporation.

II. MEMBERSHIP

Following each annual meeting of shareholders of the Corporation, the Board shall elect from its members, not less than three (3) Directors to serve on the Committee (the "**Members**"). The Members and the Chair of the Committee are to be appointed by the Board.

No Member of the Committee shall be an officer or employee of the Corporation, Enbridge Income Fund, Enbridge Commercial Trust, Enbridge Management Services Inc. (the "**Manager**"), or Enbridge Inc. or any of their respective affiliates (collectively, the "**Enbridge Group**"). Furthermore, the Committee shall be comprised entirely of independent Directors. For the purposes of these Terms of Reference, a Member of the Committee is independent if the Member has no direct or indirect material relationship with the Corporation or the Enbridge Group. In general, a material relationship is a relationship that could, in the view of the Board, reasonably interfere with the exercise of a Member's independent judgment. However, in accordance with applicable law, the persons described in Appendix A hereto shall be considered to have a material relationship with the Corporation and the Enbridge Group, whether or not the Board so determines.

Each Member of the Committee shall have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Corporation. A Member who is not financially literate at the time of appointment shall have a reasonable amount of time following his or her appointment to become financially literate.

Any Member may be removed or replaced at any time by the Board and shall cease to be a Member upon ceasing to be a Director of the Corporation. Each Member shall hold office until the close of the next annual meeting of shareholders of the Corporation or until the Member ceases to be a Director, resigns or is replaced, whichever first occurs.

The Corporate Secretary of the Manager shall be secretary to the Committee unless the Committee directs otherwise.

III. MEETINGS

The Committee shall convene at such times and places designated by its Chair or whenever a meeting is requested by a Member, the Board, an officer of the Corporation, the internal auditor or the Auditors. A minimum of twenty-four (24) hours notice of each meeting shall be given to each Member, the internal auditor and the Auditors. The Corporate Secretary and Manager shall attend whenever requested to do so by a Member.

A meeting of the Committee shall be duly convened if a majority of the Members are present. Where the Members consent, and proper notice has been given or waived, Members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities that permit all persons participating in the meeting to communicate adequately with each other, and a Member participating in such a meeting by any such means is deemed to be present at that meeting.

In the absence of the Chair of the Committee, the Members may choose one (1) of the Members to be the Chair of the meeting.

Where appropriate, Members of the Committee may meet separately with the Auditors, the internal auditor, or the Manager.

Minutes shall be kept of all meetings of the Committee.

IV. DUTIES AND RESPONSIBILITIES OF THE CHAIR

The Chair is responsible for:

- A. convening Committee meetings and designating the times and places of those meetings;
- B. ensuring Committee meetings are duly convened and that quorum is present when required;
- C. working with the Manager on the development of agendas and related materials for the Committee meetings;
- D. liaising with the Manager regarding financial reporting issues, internal controls and accounting matters, as deemed appropriate;
- E. managing communications between the Committee and the provider of internal audit services for any business in which the Corporation holds an interest;
- F. ensuring Committee meetings are conducted in an efficient, effective, focused and respectful manner to ensure that the value of Committee member participation is maximized;
- G. ensuring the Committee has sufficient information to permit it to properly make decisions when decisions are required;
- H. providing leadership to the Committee and to assist the Committee in reviewing and monitoring its responsibilities; and
- I. reporting to the Board on the recommendations and decisions of the Committee.

V. DUTIES, RESPONSIBILITIES AND AUTHORITY

In the performance of its duties and responsibilities with respect to the Corporation and the Corporation's subsidiary entities, the Committee shall perform the duties and responsibilities stated herein, as are appropriate, and the Committee shall have the right to:

- i) inspect any and all of the books and records, in written, electronic or other format, of the Corporation, its subsidiaries and affiliates;
- ii) discuss with the officers of the Manager and the Corporation (and their respective subsidiary entities and affiliates), the internal auditor and the Auditors, such accounts, records and other matters as any Member considers appropriate;
- iii) engage and compensate independent legal counsel and other advisors which the Committee determines are necessary to carry out its duties; and
- iv) communicate directly with the Auditors and the internal auditors.

A. DUTIES AND RESPONSIBILITIES RELATED TO THE EXTERNAL AUDITORS

The Committee shall, as permitted by and in accordance with all applicable legal and regulatory requirements:

- i) directly oversee the work of the Auditors engaged for the purpose of preparing or issuing an audit report or related work;
- ii) pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the Auditors, including pursuant to a policy adopted by the Committee that satisfies applicable legal requirements for non-audit service pre-approval, from time to time;
- iii) recommend to the Board the Auditors to be nominated for the purpose of preparing or issuing an audit report (or any related audit, review or attest services);
- iv) review the terms of the Auditors' engagement, including the appropriateness and reasonableness of the proposed audit fees and any unpaid fees, and make any necessary recommendations to the Board in respect of the Auditor's compensation;
- v) when there is to be a change of Auditors, review all issues related to the change, including the information to be included in the Notice of Change of Auditor called for under any applicable legislation and requirements, and the planned steps for an orderly transition period; and
- vi) review all reportable events, including disagreements, unresolved issues and consultations, as defined in any applicable legislation or requirements, on a routine basis, whether or not there is to be a change of Auditors.

B. DUTIES AND RESPONSIBILITIES RELATED TO AUDITS AND FINANCIAL REPORTING

The Committee shall, as permitted by and in accordance with all applicable legal and regulatory requirements:

- i) review the engagement terms and the audit plan with the Auditors and with the Manager;
- ii) review with the Manager and, as deemed necessary, review with the Auditors, any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of the Manager that may be material to financial reporting;
- iii) review with the Manager and, as deemed necessary, with the Auditors, significant financial reporting issues arising during the fiscal period, including the methods of resolution;
- iv) review any problems experienced by the Auditors in performing an audit, including any restrictions imposed by the Manager or significant accounting issues on which there was a disagreement with the Manager;
- v) annually or more frequently as deemed necessary, review with the Manager, the Auditors and, as necessary, internal and external legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation and the manner in which these matters may be, or have been, disclosed in the financial statements;
- vi) review the audited annual financial statements, in conjunction with the report of the Auditors, including a review of any significant variances between comparative reporting periods;

- vii) review the post-audit or management letter containing the recommendations of the Auditors and the response of the Manager, if any, including an evaluation of the adequacy and effectiveness of the internal controls of the Corporation (in respect of the scope of review of internal controls by the Auditors, the review is carried out to enable the Auditors to express an opinion on the Corporation's financial statements);
- viii) review the interim unaudited financial statements, including a review of any significant variances between comparative reporting periods;
- ix) review before release relevant public disclosure documents containing audited or unaudited financial information, including any press releases, prospectuses, the Annual Information Form, the Information Circular and the Management's Discussion and Analysis disclosure;
- x) annually or more frequently as deemed necessary, meet separately with the Manager and the Auditors, and at least annually with the internal auditors, to review issues and matters of concern respecting audits and financial reporting processes;
- xi) review at least annually the scope and plans for the work of the internal auditor, review the adequacy of the resources of the internal auditor and ensure that the internal auditor has unrestricted access to: (a) all functions, records, property and personnel of the Corporation and its subsidiaries; and (b) the Committee at all times, as well as the Committee to the internal auditor;
- xii) review the annual report issued by the internal auditor including the response, if any, of the Manager;
- xiii) review the appointment of the chief financial officer of the Manager;
- xiv) inquire into and determine the appropriate resolution of conflicts of interest in respect of audit matters between or among an officer, Director, shareholder, the internal auditors, or the Auditors, which are properly directed to the Committee by the Chair of the Board, the Board, a Director, a shareholder, the internal auditors, the Auditors, or the Manager;
- xv) assure that procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements;
- xvi) assure that procedures are in place for the receipt, retention and treatment of complaints received by the Corporation or the Manager regarding accounting, internal accounting controls or auditing matters;
- xvii) assure that procedures are in place for the confidential, anonymous submission by employees of the Corporation and the Manager of concerns regarding questionable accounting or auditing matters;
- xviii) review and approve the hiring policies of the Corporation and the Manager regarding partners, employees and former partners and employees of the present and former Auditors; and
- xix) as deemed necessary by the Committee, inquire into and examine matters relating to the financial affairs of the Corporation, its subsidiaries or affiliates, or any of them.

C. DUTIES AND RESPONSIBILITIES RELATED TO FINANCIAL REPORTING PROCESSES AND INTERNAL CONTROLS

The Committee shall, as permitted by and in accordance with all applicable legal and regulatory requirements:

- (i) review the adequacy and effectiveness of the accounting and internal control policies of the Corporation and Manager and procedures through inquiry and discussions with the external auditors, the internal auditor and the Manager;
- (ii) review with the Manager the Corporation's administrative, operational and accounting internal controls, including controls and security of the computerized information systems, and evaluate whether the Corporation is operating in accordance with prescribed policies, procedures;
- (iii) annually or more frequently if deemed necessary, meet separately with the external auditor, the head of the internal audit services provider and management, to review issues and matters of concern respecting financial reporting processes and internal controls;
- (iv) review with the Manager and the external auditors any reportable conditions, material weaknesses and significant deficiencies affecting internal control;
- (v) establish and maintain free and open means of communication between and among the Committee, the external auditors, the internal auditor and the Manager;
- (vi) review at least annually with the internal auditor the Corporation's internal control procedures.

D. DUTIES AND RESPONSIBILITIES RELATED TO FINANCE

The Committee shall, as permitted by and in accordance with all applicable legal and regulatory requirements:

- (i) review prospectuses and documents, where practicable, which may be incorporated by reference into a prospectus; and
- (ii) review the issuance of equity or debt securities under a shelf prospectus of the Corporation (or of wholly-owned subsidiaries) and, if deemed appropriate, authorize the filing with securities regulatory authorities of any required prospectus supplement relating thereto.

E. DUTIES AND RESPONSIBILITIES RELATED TO RISK MANAGEMENT

The Committee shall, as permitted by and in accordance with all applicable legal and regulatory requirements, review with the Manager on an annual basis:

- (i) The Corporation's method of reviewing major financial risks inherent in its businesses, facilities, and strategic directions, including its financial risk management and evaluation process;
- (ii) the strategies and practices applicable to the Corporation's assessment, management, prevention and mitigation of financial risks (including transfer of risk, insurance coverages (including directors' and officers' insurance) and financing strategies); and
- (iii) the strategies and practices applicable to the Corporation's assessment, management, prevention and mitigation of financial risks (including transfer of risk, insurance coverages (including directors' and officers' insurance) and financing strategies); and

- (iv) the commodity price, foreign currency and interest rate risk strategies, including the use of derivative transactions

F. GENERAL DUTIES OF AUDIT COMMITTEE

The Committee shall, as deemed necessary by the Committee and as permitted by and in accordance with all applicable legal and regulatory requirements:

- (i) review expense report summaries of the Manager;
- (ii) meet separately with senior management, the internal auditors, the Auditors, employees or independent advisors in respect of audit, finance and risk matters, at each Committee meeting attended by any of the foregoing;
- (iii) meet *in camera* as a Committee, to discuss enhancing the effectiveness of the Committee, with reference to these Terms of Reference;
- (iv) report to the Board after each Committee meeting, as required during the year, with respect to the Committee's activities and recommendations; and
- (v) address any other matter properly referred to the Committee by the Chair of the Board, the Board, a Director, the internal auditors, the Auditors, or the Manager.

VI. COMMITTEE SCHEDULE

The major annual activities of the Committee shall be outlined in an annual schedule. A sample annual schedule is set forth below.

ANNUAL SCHEDULE FOR THE AUDIT COMMITTEE OF ENBRIDGE INCOME FUND HOLDINGS INC.	
DATE ¹	PROPOSED AGENDA
January/ February	<ul style="list-style-type: none"> • Review Annual Financial Results • Recommend Annual Financial Statements, Management's Discussion and Analysis and News Release • Review Auditors Letter to Audit Committee • Recommend Appointment of Auditors • Review Management letter to Audit Committee • Internal Audit Report • Review of next year's Audit Committee Meeting Schedule and Agenda • Recommend Annual Information Form • Recommend Notice of Meeting, Information Circular and Proxy Form
April/May	<ul style="list-style-type: none"> • Review First Quarter Financial Results • Recommend Interim Financial Statements, Management's Discussion and Analysis and News Release • Insurance Report • Review/Update Terms of Reference for Audit Committee

¹ Dates noted are approximate and will be determined in a complete annual schedule for each year circulated and approved in the preceding year, and adjusted as required.

ANNUAL SCHEDULE FOR THE AUDIT COMMITTEE OF ENBRIDGE INCOME FUND HOLDINGS INC.	
DATE ¹	PROPOSED AGENDA
July	<ul style="list-style-type: none"> • Review Second Quarter Financial Results • Recommend Interim Financial Statements, Management's Discussion and Analysis and News Release • Internal Audit Report: <ul style="list-style-type: none"> • Report for year ended June 30 • Plan for next year • Review External Auditors: <ul style="list-style-type: none"> • Engagement Letter • Audit Plan • Recommend External Audit Fees and Review Engagements and Services other than as Auditor • Corporate Risk Assessment Report • Contingent Liability Report
October/ November	<ul style="list-style-type: none"> • Review Third Quarter Financial Results • Recommend Interim Financial Statements, Management's Discussion and Analysis and News Release • Recommend Annual Management Plan • Recommend Annual Financing Plan

APPENDIX A

The following individuals are considered to have a material relationship with the Corporation and/or the Enbridge Group (collectively, the "**Issuer**"):

- i) an individual who is, or has been within the last three years, an employee or executive officer of the Issuer;
- ii) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Issuer;
- iii) an individual who: (a) is a partner of a firm that is the Issuer's internal or external auditor, (b) is an employee of that firm, or (c) was within the last three years a partner or employee of that firm and personally worked on the Issuer's audit within that time;
- iv) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual: (a) is a partner of a firm that is the Issuer's internal or external auditor, (b) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or (c) was within the last three years a partner or employee of that firm and personally worked on the Issuer's audit within that time;
- v) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
- vi) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the Issuer during any 12 month period within the last three years.

For the purposes hereof, an individual will not be considered to have a material relationship with the Issuer solely because: (a) he or she had a relationship identified in paragraphs (i) to (vi) above if that relationship ended before March 30, 2004; or (b) he or she had a relationship identified in paragraphs (i) to (vi) above by virtue of the definition of "Issuer" if that relationship ended before June 30, 2005.

Despite any determination made under the above analysis, an individual who:

- (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
- (b) is an affiliated entity of the issuer or any of its subsidiary entities,

is considered to have a material relationship with the issuer (an "automatic material relationship").

For the purposes of determining whether an individual has an automatic material relationship, the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by:

- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
- (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

For the purposes of determining whether an individual has an automatic material relationship, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred

compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Meaning of Affiliated Entity, Subsidiary Entity and Control

- (1) For the purposes of the analysis in this Appendix A, a person or company is considered to be an affiliated entity of another person or company if
 - (a) one of them controls or is controlled by the other or if both persons or companies are controlled by the same person or company, or
 - (b) the person is an individual who is
 - (i) both a director and an employee of an affiliated entity, or
 - (ii) an executive officer, general partner or managing member of an affiliated entity.
- (2) For the purposes of this Instrument, a person or company is considered to be a subsidiary entity of another person or company if
 - (a) it is controlled by,
 - (i) that other, or
 - (ii) that other and one or more persons or companies each of which is controlled by that other, or
 - (iii) two or more persons or companies, each of which is controlled by that other; or
 - (b) it is a subsidiary entity of a person or company that is the other's subsidiary entity.
- (3) For the purpose of this Instrument, "control" means the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise.
- (4) Despite subsection (1), an individual will not be considered to control an issuer for the purposes of this Instrument if the individual:
 - (a) owns, directly or indirectly, ten per cent or less of any class of voting securities of the issuer; and
 - (b) is not an executive officer of the issuer.