

SECOND QUARTER



ENBRIDGE INCOME FUND | INTERIM REPORT TO UNITHOLDERS
for the six months ended June 30, 2010



ENBRIDGE INCOME FUND

NEWS RELEASE

Enbridge Income Fund Announces Second Quarter Results

Highlights

- Second quarter earnings totaled \$1.5 million or \$0.04 per unit
- Second quarter cash available for distribution of \$23.7 million is consistent with the second quarter of 2009
- Regulatory approvals received for all components of the Phase II Saskatchewan System Capacity Expansion
- Restructuring approved by unitholders

Calgary, Alberta, July 27, 2010 – Enbridge Income Fund (the Fund) announced today earnings of \$1.5 million, or \$0.04 per unit, for the three months ended June 30, 2010. Earnings for the three-month period ending June 30, 2009 were \$3.4 million or \$0.10 per unit. Earnings for the first half of 2010 were \$5.1 million, or \$0.15 per unit, compared with earnings of \$6.7 million, or \$0.19 per unit, in the first half of 2009. Earnings for the second quarter of 2010 include costs incurred related to one-time events, such as the Virden crude oil release and costs associated with the restructuring of the Fund that have negatively impacted earnings for the three and six months ended June 30, 2010.

Cash available for distribution for the three months ended June 30, 2010 was \$23.7 million, which is consistent with the corresponding three-month period of 2009. Cash available for distribution for the first half of 2010 increased \$1.5 million to \$47.7 million compared with the first half of 2009. This increase is primarily due to higher distributions received in the current year from the Alliance Canada and Green Power segments, and a larger contribution from the Saskatchewan System reflecting additional customer connections on its cost of service pipeline systems.

“After adjusting for one-time occurrences relating to the Virden crude oil release and additional costs associated with the restructuring of the Fund, the Fund’s core assets continued to provide steady results in the second quarter of 2010, supporting consistent monthly cash distributions to the Fund’s unitholders,” said Jim Schultz, President of Enbridge Management Services Inc., the Administrator of the Fund.

“With all necessary regulatory approvals received in the second quarter, the second phase of expansion of our Saskatchewan System is currently expected to be completed in the fourth quarter of this year, offering growth for the Fund in the near term and providing stability in distributions for unitholders,” continued Mr. Schultz.

“We are pleased unitholders approved a Plan of Arrangement to restructure the Fund at the Annual and Special meeting held in May and that we can now proceed with plans to restructure in light of tax changes taking effect in 2011,” said Mr. Schultz. “This new structure maintains our value proposition for investors - providing a safe and dependable high cash payout - while also providing greater financial flexibility going forward to fund growth opportunities. Further communication regarding the process by which unitholders

will exchange their trust units for shares of the newly created Enbridge Income Fund Holdings Inc. will follow over the coming months.”

During the six months ended June 30, 2010, the Fund declared monthly cash distributions of \$0.096 per unit, and distributions in the same amount per unit were declared on the Enbridge Commercial Trust (ECT) preferred units. Cash distributions paid to trust unitholders for the three and six months ended June 30, 2010 were \$9.9 million and \$19.9 million (2009 - \$9.9 million and \$19.6 million), respectively. Based on current operations, the Fund estimates that approximately 80% of cash to be distributed in 2010 will be included in the income of unitholders for income tax purposes. The remaining 20% of cash to be distributed to unitholders represents a non-taxable return of capital.

On June 21, 2004, the Fund announced the commencement of a Distribution Reinvestment and Unit Purchase Plan (the Plan). Participants may elect, without brokerage fees, to automatically reinvest monthly distributions in additional units of the Fund, and may make optional cash payments of up to \$1,000 per month (subject to a minimum of \$100 per month) to purchase additional units of the Fund. Details of the Plan are available on the Fund’s website. Investors should contact their respective investment dealer to enroll.

**Enbridge Income Fund
Management's Discussion & Analysis
For the three and six months ended June 30, 2010**

This management's discussion and analysis (MD&A) dated July 26, 2010 should be read in conjunction with the unaudited interim consolidated financial statements of Enbridge Income Fund (the Fund) as at and for the three and six months ended June 30, 2010 and the audited financial statements and MD&A contained in the Fund's Annual Report for the year ended December 31, 2009. Unless otherwise noted, all financial information is presented in Canadian dollars and financial information pertaining to Alliance Canada and Green Power reflects the Fund's proportionate share of the entities within these segments. Additional information related to the Fund, including the Fund's Annual Information Form, is filed on SEDAR at www.sedar.com.

CONSOLIDATED EARNINGS

	Three months ended		Six months ended	
	June 30,		June 30,	
<i>(millions of Canadian dollars)</i>	2010	2009	2010	2009
Alliance Canada	14.3	14.6	28.8	29.1
Saskatchewan System	5.1	4.8	10.0	9.0
Green Power	0.6	0.9	1.5	2.7
Corporate	(18.5)	(16.9)	(35.2)	(34.1)
Earnings	1.5	3.4	5.1	6.7

The Fund's earnings for the three and six months ended June 30, 2010 were \$1.5 million and \$5.1 million, respectively, compared with earnings of \$3.4 million and \$6.7 million for the corresponding prior periods. Earnings for the second quarter of 2010 include costs incurred related to one-time events, such as the Virden crude oil release and costs associated with the restructuring of the Fund that have negatively impacted earnings for the three and six months ended June 30, 2010. After adjusting for these one-time costs, the Fund realized steady contributions from all of its operating segments compared with the first six months of 2009.

Alliance Canada, while performing predictably and delivering stable financial results, recorded period-over-period declines in earnings due to a reduced return on equity on its declining investment base, partially offset by an increase in its deemed income tax recovery.

Improved Saskatchewan System earnings for both the three and six months ended June 30, 2010 resulted from additional earnings contributions from customer connections completed on the Saskatchewan Gathering System within the last year, partially offset by higher operating costs on the Virden System in relation to an April 1st crude oil release. Additionally, increased earnings for the first half of 2010 reflect the impact of higher oil prices on the sale and revaluation of allowance oil inventory on the Weyburn System when compared with the prior year comparative period.

Green Power earnings for the three-month and six-month periods ended June 30, 2010 were comparable to the corresponding periods of 2009, after removing the impact of unrealized gains from prior period's earnings that related to a derivative instrument that was not designated as a hedge for accounting purposes. In the fourth quarter of 2009, the Fund entered into an offsetting power swap with terms similar to the original derivative instrument which has reduced earnings volatility related to non-qualifying derivative instruments in the current period. During the first half of 2010, the Fund's waste-heat facilities delivered improved operational performance, whereas the Fund's wind energy assets have experienced lower production due to reduced wind resources compared with 2009.

Increased Corporate costs in the three and six months ended June 30, 2010 reflected higher legal and professional consulting fees associated with the restructuring of the Fund, offset partially by lower interest expense when compared with the prior periods.

FORWARD LOOKING INFORMATION

In the interest of providing the Fund's unitholders and potential investors with information about the Fund and its subsidiaries and joint ventures, including management's assessment of the Fund, its subsidiaries' and joint ventures' future plans and operations, certain information provided in this MD&A 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 included or incorporated by reference in this document include, but are not limited to, statements with respect to:

- *expected costs related to projects under construction;*
- *expected scope and in-service dates for projects under construction;*
- *expected capital expenditures;*
- *expected future levels of demand for the Fund's services;*
- *expected future earnings and cash flows;*
- *expected future actions of the regulators;*
- *expected future corporate restructuring;*
- *expected future distributions to unitholders and the taxability thereof; and*
- *expected cash available for distribution.*

Although the Fund 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 and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Material assumptions include assumptions about: the expected supply and demand of 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 projects approval; maintenance of support and regulatory approval 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 underlie 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 costs 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. 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; and the impact of weather and customer and regulatory approvals on construction schedules.

The Fund's forward-looking statements are subject to risks and uncertainties pertaining to operating performance, regulatory parameters, project approval and ongoing support, weather, economic and competitive conditions, exchange rates, commodity prices and supply and demand for commodities, including but not limited to those risks and uncertainties discussed in this MD&A and in the Fund's other filings with Canadian securities regulators. The impact of any one risk, uncertainty or factor on a particular

forward-looking statement is not determinable with certainty as these are interdependent and the Fund's future course of action depends on management's assessment of all information available at the relevant time. Except to the extent required by law, the Fund assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A or otherwise, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Fund or persons acting on the Fund's behalf, are expressly qualified in their entirety by these cautionary statements.

NON-GAAP MEASURES

This MD&A contains references to cash available for distribution. Cash available for distribution represents cash available to fund distributions on trust units and Enbridge Commercial Trust (ECT) preferred units, as well as for debt repayments and reserves. This measure is important to unitholders as the Fund's objective is to provide a predictable flow of distributable cash to unitholders. Please refer to the Cash Available for Distribution reconciliation on page 10. Cash available for distribution is not a measure that has standardized meaning prescribed by Canadian Generally Accepted Accounting Principles (Canadian GAAP) and is not considered a Canadian GAAP measure. Therefore, this measure may not be comparable with similar measures presented by other issuers.

FUND DESCRIPTION AND OBJECTIVE

The Fund is an unincorporated open-ended trust established by a trust indenture under the laws of the Province of Alberta. The Fund is administered by Enbridge Management Services Inc. (EMSI or Manager or Administrator), a wholly owned subsidiary of Enbridge Inc. (Enbridge). The Fund owns the Saskatchewan System, a 50% interest in Alliance Pipeline Limited Partnership (Alliance Canada), as well as a 50% interest in NRGreen Power Limited Partnership (NRGreen) and interests in three wind power projects in Western Canada (collectively referred to as Green Power).

The Fund's objective is to provide a predictable flow of distributable cash through investment in energy infrastructure and to increase, where prudent, cash distributions per unit.

ALLIANCE CANADA				
	Three months ended		Six months ended	
	June 30,		June 30,	
<i>(millions of Canadian dollars)</i>	2010	2009	2010	2009
Revenues	56.8	55.2	112.9	109.2
Earnings	14.3	14.6	28.8	29.1

The Alliance System is a 3,000 kilometre (km) pipeline system designed to transport 1,325 million cubic feet per day (mmcf/d) of natural gas from Northeastern British Columbia and Northwestern Alberta to the Chicago, Illinois area. The Fund owns 50% of Alliance Canada, which is the Canadian portion of the Alliance System and consists of approximately 1,560 km of the Alliance System's mainline beginning near Gordondale, Alberta and connecting to Alliance US at the Canada/United States border at Carnduff, Saskatchewan. Alliance Canada also includes the Alliance System's lateral pipelines in Alberta and British Columbia and related facilities.

Alliance Canada has transportation service agreements (TSAs) with its shippers for nearly 100% of its available firm transportation capacity. Alliance Canada's TSAs are designed to provide toll revenues sufficient to recover prudently incurred costs of service, including operating and maintenance, depreciation, an allowance for income tax, costs of indebtedness and an allowed return on equity of 11.26% after tax, based on a deemed 70/30 debt/equity ratio. The initial term of these agreements expires in 2015, except for 1.5% of contracted capacity which is being re-marketed on a short-term basis.

Revenues

Alliance Canada revenues of \$56.8 million and \$112.9 million for the three and six months ended June 30, 2010, respectively, were higher than revenues of \$55.2 million and \$109.2 million for the corresponding periods of 2009. The revenue increase resulted from an increase in Alliance Canada's firm transportation tolls from \$0.863 per million cubic feet (mcf) to \$0.894/mcf effective January 1, 2010. Under Alliance Canada's cost of service tolling model, increased operating costs result in higher revenues. Operating and maintenance costs for the three and six months ended June 30, 2010 were higher than the corresponding prior periods due to increased pipeline integrity activities, including a river crossing remediation, as well as higher staffing, equipment repair and maintenance costs. These increases in operating costs are partially offset by reduced contractor charges for the maintenance of Alliance Canada's compressor equipment in both the three and six-month periods ended June 30, 2010.

Earnings

Earnings of \$14.3 million and \$28.8 million for the three and six months ended June 30, 2010, respectively, have both declined by \$0.3 million from the corresponding prior periods. This is the result of offsetting factors as a lower return on equity resulting from Alliance Canada's depreciating investment base is partially offset by an increase in the allowance for deemed income taxes. The rate used to calculate the equity return is not expected to change; however, the investment base upon which the equity return is calculated will change over time due to depreciation. The increase in the allowance for deemed income taxes is primarily due to lower capital cost allowance deductions.

SASKATCHEWAN SYSTEM

	Three months ended		Six months ended	
	June 30,		June 30,	
<i>(millions of Canadian dollars)</i>	2010	2009	2010	2009
Revenues	21.0	19.4	39.6	36.6
Earnings	5.1	4.8	10.0	9.0

The Saskatchewan System includes four crude oil and liquids pipeline systems: namely the Saskatchewan Gathering, Westspur, Weyburn and Virden pipeline systems. Together, these systems include approximately 356 km of trunk line and 1,900 km of gathering pipeline with capacities ranging from 37,000 barrels per day (bpd) to 255,000 bpd.

The Saskatchewan Gathering System and the Westspur System tolling agreements are designed to provide toll revenues sufficient to recover operating costs, depreciation, deemed interest expense, deemed income tax, a return on rate base and an administrative expense allowance. The rate used to calculate the equity return is not expected to change. However, the rate base upon which the equity return is calculated will change over time due to depreciation as well as maintenance and enhancement capital additions and expansions. Tolls on the Weyburn and Virden systems are based on historical precedence and agreements with customers, or both, and are updated to reflect changes in market conditions when warranted. As a result, earnings from the Weyburn and Virden systems reflect toll revenue less costs incurred.

Revenues

Revenues for the six-month period ended June 30, 2010 increased by \$3.0 million to \$39.6 million when compared with the prior year comparative period. Increased revenue in the six-month period is due to a tariff increase on the Westspur System that was effective March 1, 2009, additional revenue from customer connections on the Saskatchewan Gathering System that were put into service within the last year, and the impact of higher oil prices on the sale and revaluation of allowance oil inventory on the Weyburn System.

In the three month-period ended June 30, 2010, revenues of \$21.0 million reflected an increase of \$1.6 million compared with the second quarter of 2009. The implementation of a system-wide tariff increase on the Virden System effective April 1, 2010 and higher throughputs on the Saskatchewan Gathering and Westspur Systems are the factors contributing to this revenue growth.

Earnings

Saskatchewan System earnings for the six months ended June 30, 2010 were \$10.0 million, an increase of \$1.0 million from the corresponding period of 2009. Improved earnings for the first half of 2010 reflect the impact of higher oil prices on the sale and revaluation of allowance oil inventory on the Weyburn System, when compared with the prior year comparative period, and additional earnings contributions from customer connections completed on the Saskatchewan Gathering System. Partially offsetting these earnings increases are higher than usual operating costs on the Virden System, relating to an April 1st crude oil release. Included in earnings for both the three and six months ended June 30, 2010 are costs of \$0.9 million, net of expected insurance recoveries, related to this incident.

Earnings of \$5.1 million in the second quarter of 2010 compare with earnings of \$4.8 million in the corresponding prior period. The additional earnings contributions from customer connections completed on the Saskatchewan Gathering System were partially offset by higher than usual operating costs on the Virden System, as discussed above.

GREEN POWER				
	Three months ended		Six months ended	
	June 30,		June 30,	
<i>(millions of Canadian dollars)</i>	2010	2009	2010	2009
Revenues	2.5	2.7	5.1	6.2
Earnings	0.6	0.9	1.5	2.7

Green Power includes the Fund's interest in three wind power projects including a 50% interest in the SunBridge project in Saskatchewan and a 33% interest in each of the Magrath and Chin Chute projects in Southern Alberta. Collectively referred to as Wind Power, the three wind power projects can generate a total of 71 megawatts (MW) of electricity. Electricity produced by the wind power projects is sold under long-term power purchase agreements. Green Power also includes the Fund's 50% interest in NRGreen, which operates four non-regulated waste heat recovery facilities along the Alliance Pipeline. These facilities harness waste heat produced by gas turbines at Alliance Canada's compressor stations and convert it to electrical energy, which is then sold under long-term power purchase arrangements.

Revenues

Green Power revenues for the three and six months ended June 30, 2010 are \$2.5 million and \$5.1 million, respectively, reflecting \$0.2 million and \$1.1 million decreases from the corresponding periods of 2009. Included in prior period revenues are unrealized non-cash derivative gains of \$0.3 million and \$1.3 million for the three and six-month periods ended June 30, 2009, respectively. The prior period unrealized non-cash derivative gains resulted from derivative instruments that were utilized to fix the price of power on one of the wind power projects that were not designated hedges for accounting purposes. In the fourth quarter of 2009, the Fund entered into an offsetting power swap with terms similar to the original swap which has served to reduce earnings volatility related to non-qualifying derivative instruments in the current period.

After removing the impact of the unrealized non-cash derivative gain from the prior periods, revenues for the three and six months ended June 30, 2010 have increased by \$0.1 million and \$0.2 million, respectively, compared with the same periods of 2009. This increase reflected higher revenues at NRGreen offset by lower revenues from the Fund's wind power projects. Although some unscheduled outages occurred in the first half of 2010, NRGreen's facilities experienced greater operational availability compared with the first half of 2009. During the first quarter of 2009, NRGreen experienced unscheduled outages at all four of the NRGreen waste heat facilities due to extremely cold weather in Saskatchewan.

As a result of the unscheduled outages in the first quarter of 2009, a winterization project was undertaken to address these weather-related operational issues. The winterization project was substantially completed in the first quarter of 2010. Decreased revenues from the wind power projects in the first half of 2010 compared with the first half of 2009 primarily resulted from lower wind resource that has negatively impacted wind projects across Western Canada, the effect of which is lower electricity production period-over-period.

Earnings

Green Power earnings of \$0.6 million and \$1.5 million for the three and six months ended June 30, 2010, respectively, were comparable with earnings in the corresponding prior periods of \$0.6 million and \$1.4 million, after removing the impact of the unrealized non-cash derivative gains included in the prior periods' results. Green Power earnings for the first half of 2010 reflect two offsetting effects; improved NRGreen earnings due to improved operational reliability and lower earnings contributions from the wind power projects due to reduced electricity production as noted above.

CORPORATE

	Three months ended		Six months ended	
	June 30,		June 30,	
<i>(millions of Canadian dollars)</i>	2010	2009	2010	2009
Total costs	(18.5)	(16.9)	(35.2)	(34.1)

Corporate costs include distributions on preferred units of ECT, a subsidiary of the Fund, as well as corporate financing costs, incentive fees, current and future income taxes and management and administrative costs.

Corporate costs were \$18.5 million and \$35.2 million for the three and six months ended June 30, 2010, respectively, an increase of \$1.6 million and \$1.1 million from the corresponding periods of 2009. Increased Corporate costs for the first half of 2010 reflected higher professional consulting and legal fees associated with the approved restructuring of the Fund. Partially offsetting these one-time cost increases related to the restructuring, is reduced interest expense in both the three and six-month periods ended June 30, 2010 compared with the corresponding prior period. Interest expense is lower than the prior periods due to the Fund carrying a higher percentage of external debt at variable rates in 2010, prior to the issuance of \$100.0 million in medium-term notes (MTNs) in June 2010.

LIQUIDITY AND CAPITAL RESOURCES

In June 2010, the Fund raised \$100.0 million through the issuance of unsecured MTNs. The MTNs have a maturity date of June 22, 2017 and a coupon of 5%, with semi-annual interest payments due in June and December of each year. During the second quarter of 2010, the Fund amended and restated one of its existing unsecured third party credit facilities to establish a new \$300.0 million unsecured revolving standby credit facility with a syndicate of commercial banks. As a result, the \$50.0 million 364 day third party credit facility and the \$100.0 million credit facility provided by Enbridge, an affiliated entity of the Fund's administrator, were both cancelled. The new facility has an initial term of 364 days that is extendable annually at the lender's option. The Fund has the option to extend the maturity date of the outstanding amounts drawn under the facility by an additional year from the end of the applicable revolving term.

At June 30, 2010, the Fund had \$157.0 million of available undrawn capacity on its standby credit facility, exclusive of non-recourse credit facilities secured by its operating affiliates. The Fund maintains a current shelf prospectus with the Canadian securities regulators, which enables ready access to Canadian public capital markets, subject to market conditions. Cash from operations in combination with available bank credit and selective capital markets funding are expected to meet the forecast liquidity and capital resource requirements of the Fund.

In March 2010, Alliance Canada cancelled its \$20 million 365 day unsecured credit facility that allowed Alliance Canada to borrow up to US\$20 million from Alliance Pipeline L.P., an affiliated entity. No amounts were ever drawn on this facility.

The Fund's cash balance at June 30, 2010 of \$16.2 million included \$12.8 million held in trust by Alliance Canada, pursuant to finance arrangements within Alliance Canada.

Operating Activities

Cash provided by operating activities was \$35.2 million for the six months ended June 30, 2010, a decrease of \$4.6 million from the corresponding period of the prior year. For the three months ended June 30, 2010, cash provided by operating activities of \$11.6 million represents an \$8.3 million increase from the prior year comparable period. Variances for both periods result from changes in operating assets and liabilities.

Investing Activities

Cash used in investing activities of \$31.4 million for the six months ended June 30, 2010 increased by \$17.7 million over the first six months of 2009 as capital expended in the first half of 2010 was primarily directed to the Saskatchewan System Phase II expansion project and customer connections on the Saskatchewan Gathering and Weyburn Systems. Capital additions for the first half of 2009 primarily consisted of maintenance capital on the Saskatchewan System, completion activities on Alliance Canada's BC Expansion and modifications to the NRGreen waste heat facilities to improve operational performance in cold weather.

Cash used in investing activities of \$17.9 million for the second quarter of 2010 reflects an increase of \$8.2 million compared with the corresponding prior period. This increase is attributable to the Saskatchewan System Phase II expansion project that has been ongoing throughout 2010. Also included in cash used in investing activities for the second quarter of 2010 is \$3.5 million related to business development costs incurred in connection with growth opportunities for further development of the Fund's Saskatchewan infrastructure.

Financing Activities

Financing activities for the three and six months ended June 30, 2010 included payment of monthly distributions to trust unitholders, repayments of non-recourse long-term debt, the Fund's \$100.0 million MTN issuance and changes in outstanding indebtedness under credit facilities. In June 2010, the Fund issued MTNs of \$100.0 million and used the proceeds to reduce indebtedness on credit facilities. During the second quarter of 2010 Alliance Canada made a debt repayment, of which the Fund's share was \$17.0 million. Alliance Canada debt repayments occur semi-annually in June and December each year.

CASH AVAILABLE FOR DISTRIBUTION

<i>(millions of Canadian dollars)</i>	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Cash Provided by Operating Activities	11.6	3.3	35.2	39.8
Add/(Deduct):				
ECT preferred unit distributions ²	10.9	10.9	21.9	21.9
Alliance Canada maintenance capital expenditures ³	(1.2)	(0.6)	(1.8)	(1.1)
Alliance Canada debt repayments ⁴	(17.0)	(15.5)	(17.0)	(15.5)
Alliance Canada other cash (retained)/distributed ⁵	7.3	4.6	(3.4)	(6.5)
Green Power cash retained ⁵	(0.5)	(0.3)	(0.8)	(0.8)
Saskatchewan System maintenance capital expenditures ³	(0.4)	(0.6)	(1.4)	(1.0)
Change in operating assets and liabilities in the period ⁶	13.0	21.9	15.0	9.4
Cash Available for Distribution¹	23.7	23.7	47.7	46.2
Cash Available for Distribution is comprised of the following:				
Alliance Canada distributions	18.6	17.8	36.6	35.7
Saskatchewan System operating income before depreciation, amortization and accretion	10.9	9.6	20.9	18.7
Saskatchewan System maintenance capital expenditures	(0.4)	(0.6)	(1.4)	(1.0)
Green Power distributions	1.2	1.6	2.9	2.5
Corporate management and administrative expense	(3.8)	(2.3)	(6.1)	(4.6)
Corporate other income	-	-	-	0.1
Corporate interest expense	(2.0)	(2.4)	(4.5)	(5.1)
Corporate current taxes	(0.8)	-	(0.7)	(0.1)
Cash Available for Distribution¹	23.7	23.7	47.7	46.2
ECT Preferred Unit Distributions Declared	10.95	10.95	21.90	21.90
Trust Unit Distributions Declared	9.97	9.97	19.94	19.94
Cash Distributions Declared	20.92	20.92	41.84	41.84

¹ See Non-GAAP Measures on page 5.

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

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

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

⁵ The cash retained or distributed by Alliance Canada and Green Power reflects the cash from operations of these segments that has not been distributed to the Fund or distributions in excess of cash earnings in the period. While this cash from operations is proportionately consolidated and included in the Fund's cash provided by operating activities, it is not available for distribution by the Fund until it has been received from Alliance Canada and the Green Power segment. Cash retained by Alliance Canada and Green Power includes debt service reserves, capital expenditures and other cash needed to fund working capital or other requirements of these segments.

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

As set out in the above table, cash available for distribution consists of operating cash flow from the Fund's underlying businesses less deductions for maintenance capital expenditures, the Fund's administrative and operating expenses, corporate segment interest expense, applicable taxes and other reserves determined by the Manager.

The above calculations of cash available for distribution represent cash available to fund distributions on trust units and ECT preferred units, as well as for reserves and repayment of corporate segment debt.

For the three and six months ended June 30, 2010, cash distributions declared represented 88.3% and 87.7%, respectively, of cash available for distribution compared with the ratio of distributions declared to cash available for distribution of 88.3% and 90.6% for the three and six months ended June 30, 2009, respectively.

ANALYSIS OF CASH DISTRIBUTIONS DECLARED

<i>(millions of Canadian dollars)</i>	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Cash Provided by Operating Activities	11.6	3.3	35.2	39.8
Earnings	1.5	3.4	5.1	6.7
Trust Unit Cash Distributions Declared ¹	9.9	9.9	19.9	19.9
Excess/(shortfall) of cash provided by operating activities over distributions declared	1.7	(6.6)	15.3	19.9
Shortfall of earnings over cash distributions declared	(8.4)	(6.5)	(14.8)	(13.2)

¹ ECT Preferred Unit Distributions have been excluded from this reconciliation since these distributions are reductions to earnings under GAAP.

For the six months ended June 30, 2010, cash provided by operating activities in the period exceeded cash distributions paid to trust unitholders by \$15.3 million (2009 - \$19.9 million). Cash provided by operating activities was \$1.7 million higher than cash distributions of \$9.9 million for the three months ended June 30, 2010. These excesses represented cash reserved for debt repayments, working capital requirements and maintenance capital expenditures, as well as cash retained by joint ventures.

Earnings were \$8.4 million and \$14.8 million lower than cash distributions to trust unitholders for the three and six months ended June 30, 2010, respectively. An excess of distributions over earnings is expected to continue in the future and partly represents a return of capital to unitholders (including ECT Preferred Unitholders). Under Canadian GAAP, earnings reflect non-cash items such as amortization of deferred financing costs and depreciation as well as changes in future income taxes due to tax rate changes, all of which do not impact cash flow. Depreciation does not necessarily represent the cost of maintaining productive capacity; therefore, cash required for maintenance is generally lower than depreciation expense.

RECENT DEVELOPMENTS AND OUTLOOK

Restructuring Approved by Unitholders

In May 2010, the plan of arrangement (the Plan) to restructure the Fund was approved by the Fund's unitholders. Under the Plan, all publicly held trust units, which collectively represent a 28% economic interest in the Fund, as well as a portion of Enbridge's interest in the Fund, will be exchanged on a one for one basis for shares of a taxable Canadian corporation, Enbridge Income Fund Holdings Inc. (EIFH). In addition, in connection with the Plan, an exchange right will be issued to the holders of ECT Preferred Units whereby holders may exchange such ECT Preferred Units for Fund Trust Units on a one for one basis. Concurrently, the existing liquidity right which provides holders of ECT Preferred Units the option to request redemption will be terminated.

Subject to final Court and Toronto Stock Exchange approvals, the Plan is expected to take effect prior to the end of 2010, thus avoiding the effect of the January 1, 2011 implementation of tax legislation impacting specified investment flow-through (SIFT) entities. Under the Plan approved by the unitholders, the Fund would cease to be a SIFT and would not be subject to the SIFT tax.

Officer Appointments

Mr. Schultz, President of the Administrator has advised the Administrator and the Board of Trustees of his intention to retire effective September 30, 2010. John Whelen, the current Chief Financial Officer of the Fund, will be appointed by the Administrator to succeed Mr. Schultz as President. The Administrator will also be selecting a new chief financial officer for the Fund in the near future.

Saskatchewan System Capacity Expansion

Phase II of the Saskatchewan System Capacity Expansion includes three separate projects that will reduce capacity constraints at a variety of locations. The Benson Expansion project on the Saskatchewan Gathering System includes terminal modifications, pump upgrades and installation of new pipe. The Bryant to Steelman Expansion project on the Westspur System involves installation of new crude oil pipe, and station and terminal upgrades. Lastly, the Steelman Crude/NGL Conversion project involves the conversion of an existing NGL line to crude oil on the Westspur System, construction of a new NGL pipeline and pump station on the Saskatchewan Gathering System, as well as the conversion of an existing crude oil pipeline to transport NGLs from the BP Steelman Gas Plant to the NGL line at Alida, Saskatchewan. Collectively, the projects are expected to increase crude oil capacity across the system by approximately 125,000 bpd at a cost of approximately \$120 million.

At June 30, 2010, capital expenditures of approximately \$33.4 million had been incurred on the Phase II Expansion. Regulatory approvals from both the Saskatchewan Ministry of Energy & Resources and the National Energy Board (NEB) have been received and construction is underway on all components of the project. All three projects comprising the Saskatchewan System Phase II Expansion are currently targeted to be in-service by December of 2010.

Business Development Activities

During the second quarter of 2010, the ECT Trustees authorized EMSI, in its capacity as Manager of the Fund, to explore growth opportunities related to further development of the Fund's Saskatchewan infrastructure to accommodate expanding production from the Bakken resource play and incur early stage business development costs on behalf of the Fund up to but not exceeding \$7.2 million. In this regard, the ECT Independent Trustees approved the acquisition by the Fund from an affiliate of Enbridge of a related development opportunity at its cost of approximately \$4 million.

Viriden Pipeline Crude Oil Release

On April 1, 2010, the Saskatchewan System's Viriden pipeline experienced a minor crude oil release on a six-inch gathering segment. The pipeline was immediately shut down and emergency response crews were dispatched to the area. The crude oil release was contained and the pipeline remains shut down while remediation of the site is in progress. The Fund expects clean-up costs associated with this incident to be substantially recoverable through insurance. Costs of \$0.9 million, net of anticipated insurance recoveries, related to this incident have been expensed in the Saskatchewan System segment. The shutdown of the six-inch gathering segment has no material impact on the Fund's ongoing earnings. The impacted shipper is able to truck volumes to the Viriden terminal at Cromer, Manitoba during remediation of the pipeline.

Alliance Canada Gathering Receipt Service

In 2009, Alliance Canada signed agreements with prospective shippers for three new receipt point interconnections, two in northeast British Columbia and one in northwest Alberta, which will allow for initial gathering receipt capacity of 42 mmcf/d. During the first quarter of 2010, Alliance Canada received NEB approval for the two new receipt point interconnections in northeast British Columbia and subsequently began construction on these two interconnection sites. Construction is now complete and both stations are ready for service; the first receipt of gas at these sites is expected to be in the third quarter of 2010, pending Oil and Gas Commission approval. Construction on the third receipt point,

located in northwest Alberta, was completed in the second quarter of 2010 and upon completion of the interconnecting pipeline will be ready for service.

RELATED PARTY TRANSACTIONS

Alliance Pipeline Capacity Transaction

On June 1, 2010, a newly created joint venture entity, Sable NGL Services L.P. (SNGL Services) in which the Fund holds a 50% interest and an unrelated third party holds the other 50% interest, acquired 20 mscf/day of firm capacity on the Alliance System (the Alliance Capacity) for a period of one month at tolls equal to those charged to third party shippers under 15-year TSAs. Concurrent with the acquisition of the Alliance Capacity, SNGL Services entered into an agency agreement with a subsidiary of Enbridge to manage the Alliance Capacity on its behalf, including the purchase and sale of natural gas, in return for a management fee. In connection with this transaction, SNGL Services is eligible for inducements offered by an affiliate of Enbridge, for transporting natural gas with higher heating values, to supply the natural gas extraction facility located at the terminus of the Alliance System.

CRITICAL ACCOUNTING ESTIMATES

Asset Retirement Obligations

In 2009, the NEB released a report on the financial issues associated with pipeline abandonment and established a goal for pipelines regulated under the NEB Act to begin setting aside funds, as required, for abandonment no later than the end of May 2014. In March 2010 the NEB issued a report revising certain 'base case assumptions' and, as such, large pipeline companies, including Alliance Canada, are required to file abandonment cost estimates by May 2011. The NEB is requiring that large pipeline companies, including Alliance Canada, file a proposed process for collecting and setting aside the funds for abandonment by May 2012. Both of the required submissions will need NEB approval and will result in increases to transportation tolls, the amount of which is uncertain at this time. Currently, the Fund does not have an asset retirement obligation recorded on its consolidated financial statements for Alliance Canada and certain other assets due to the indeterminate timing and scope of asset retirements. However, should the NEB action plan result in a reasonable estimate of asset retirement obligations for accounting purposes, financial statement recognition of these amounts may be made in future periods.

FUTURE ACCOUNTING POLICY CHANGES

International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board (AcSB) has determined that IFRS will become the new Canadian accounting standards for publicly accountable entities for periods beginning on or after January 1, 2011. On July 23, 2010, the AcSB decided, subject to finalization of an exposure draft, to offer an optional two year deferral for adopting IFRS for qualifying entities with rate regulated activities and permit such entities to continue to apply the accounting standards in Part V of the Canadian Institute of Chartered Accountants (CICA) Handbook during that period. The Fund is a qualifying entity for purposes of this deferral.

While the Fund's IFRS conversion project is on track to meet the original conversion deadline, the Fund has elected to use the deferral offered by the AcSB. This decision was made given the continuing uncertainty with respect to the application of IFRS to the rate regulated operations of the Fund, which are pervasive and central to its business model and a key driver of financial performance.

The Fund is subject to rate regulation and currently accounts for rate regulated activities in accordance with Canadian and U.S. GAAP. In 2009, the International Accounting Standards Board (IASB) initiated a project to create an IFRS standard on Rate Regulated Activities which would have allowed the Fund to continue to apply rate regulated accounting with some changes. In July 2010, the IASB decided to continue its Rate Regulated Activities project with the intention to potentially create an accounting

standard, but has not provided authoritative guidance on how rate regulated companies currently transitioning to IFRS should apply IFRS in the interim.

Accounting and Reporting

Depending on the progress and outcome of the IASB's project, the Fund will consider whether U.S. GAAP or IFRS would provide the most useful and reliable presentation of its financial results. The United States Securities and Exchange Commission (SEC) registrants are permitted to prepare their financial statements in accordance with U.S. GAAP, including for purposes of fulfilling its Canadian regulatory filing requirements. If determined to be in its best interests, the Fund could seek to become an SEC registrant subject to SEC reporting requirements and therefore eligible to use U.S. GAAP as its basis of accounting.

SELECTED QUARTERLY FINANCIAL INFORMATION¹

<i>(millions of Canadian dollars, except per unit amounts)</i>	2010		2009			2008		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	80.3	77.3	83.4	79.4	77.3	74.7	83.7	72.2
Earnings	1.5	3.6	3.6	2.7	3.4	3.3	4.8	4.9
Earnings Per Unit (basic and diluted)	0.04	0.10	0.10	0.08	0.10	0.10	0.14	0.14
Cash Distributions Declared ²	20.9	20.9	20.9	20.9	20.9	20.9	18.7	18.7

¹Selected Quarterly Financial Information has been extracted from financial statements prepared in accordance with Canadian GAAP.

²Cash distributions declared on Trust units and ECT preferred units.

Significant items that have impacted quarterly financial information are as follows:

- Second quarter 2010 earnings are negatively impacted by higher operating costs related to one-time occurrences, such as the Virden crude oil release and costs associated with the restructuring of the Fund.
- Fourth quarter revenues from the Fund's regulated entities, including Alliance Canada, the Westspur System and the Saskatchewan Gathering System, are typically higher than other quarters due to higher cost of service recoveries. The maintenance schedules of both Alliance Canada and the Saskatchewan System have some seasonal variance which generally results in more maintenance projects being undertaken in the latter half of the year.
- Increased cash distributions declared in 2009 reflected an increase in the monthly distribution from \$0.086 per unit to \$0.096 per unit. This increase in the distribution resulted in higher ECT preferred unit distributions and incentive fees thereby reducing earnings in 2009.

SUPPLEMENTARY INFORMATION

Outstanding Unit Data	<u>Number of Units Outstanding</u>
Trust Units	34,625,000
ECT Preferred Units	38,023,750

Outstanding unit data is provided as at July 26, 2010.

SELECTED OPERATING AND FINANCIAL HIGHLIGHTS¹

	Three months ended		Six months ended	
	June 30,		June 30,	
<i>(millions of Canadian dollars except where otherwise noted)</i>	2010	2009	2010	2009
Average Daily Throughput Volume				
Alliance Canada (millions of cubic feet per day)	1,582.0	1,587.0	1,631.0	1,638.0
Saskatchewan System²(thousands of barrels per day)				
Westspur System	199.2	186.8	196.2	193.2
Saskatchewan Gathering System	135.0	131.2	133.8	134.4
Weyburn System	34.7	36.1	34.9	35.6
Virden System	14.4	16.7	16.8	18.0
Green Power ³ (thousands of megawatt hours produced)	90.1	89.3	185.9	185.5
Revenues	80.3	77.3	157.6	152.0
Earnings				
Alliance Canada	14.3	14.6	28.8	29.1
Saskatchewan System	5.1	4.8	10.0	9.0
Green Power	0.6	0.9	1.5	2.7
Corporate	(18.5)	(16.9)	(35.2)	(34.1)
Total Earnings	1.5	3.4	5.1	6.7
Per Unit (dollars per unit)	0.04	0.10	0.15	0.19
Cash Provided by Operating Activities	11.6	3.3	35.2	39.8
Cash Distributions Declared	20.9	20.9	41.8	41.8
Cash Available for Distribution is comprised of the following:				
Alliance Canada	18.6	17.8	36.6	35.7
Saskatchewan System	10.5	9.0	19.5	17.7
Green Power	1.2	1.6	2.9	2.5
Corporate	(6.6)	(4.7)	(11.3)	(9.7)
Cash Available for Distribution ⁴	23.7	23.7	47.7	46.2
Cash Distributions Declared Per Unit (dollars per unit)				
Trust Units	0.2880	0.2880	0.5760	0.5760
ECT Preferred Units	0.2880	0.2880	0.5760	0.5760
Total Long-Term Liabilities			1,579.3	1,496.7
Total Assets			1,914.0	1,918.0
ECT Preferred Units (number of units)				38,023,750
Trust Units (number of units)				34,625,000

¹ Financial Highlights have been extracted from financial statements prepared in accordance with GAAP.

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

³ Reflects 100% of the respective entities production volumes, not the Fund's proportionate share.

⁴ See Non-GAAP Measures.

**ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF EARNINGS**

	Three months ended		Six months ended	
	June 30,		June 30,	
<i>(unaudited; millions of Canadian dollars, except per unit amounts)</i>	2010	2009	2010	2009
Revenue	80.3	77.3	157.6	152.0
Expenses				
Operating and maintenance	26.5	24.1	50.5	45.7
Management and administrative	3.8	2.3	6.1	4.6
Depreciation and amortization	23.6	22.6	46.4	45.1
	53.9	49.0	103.0	95.4
	26.4	28.3	54.6	56.6
Other Income and Expense	0.1	0.3	0.3	0.8
Interest Expense	(13.4)	(14.2)	(27.5)	(28.4)
ECT Preferred Unit Distributions	(10.9)	(10.9)	(21.9)	(21.9)
	2.2	3.5	5.5	7.1
Income Tax Expense	(0.7)	(0.1)	(0.4)	(0.4)
Earnings	1.5	3.4	5.1	6.7
Earnings per Trust Unit				
Basic and Diluted	0.04	0.10	0.15	0.19

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended June 30,		Six months ended June 30,	
<i>(unaudited; millions of Canadian dollars)</i>	2010	2009	2010	2009
Earnings	1.5	3.4	5.1	6.7
Other Comprehensive Income/(Loss)				
Change in unrealized fair value on cash flow hedges, net of tax	(7.8)	(2.3)	(9.8)	2.3
Reclassification of realized losses/(gains) on cash flow hedges to earnings, net of tax	0.3	(0.3)	0.1	(0.3)
	(7.5)	(2.6)	(9.7)	2.0
Comprehensive Income/(Loss)	(6.0)	0.8	(4.6)	8.7

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

	Six months ended	
	June 30,	
<i>(unaudited; millions of Canadian dollars)</i>	2010	2009
Trust Units	333.4	333.4
Deficit, Beginning of Period	(88.8)	(61.9)
Earnings	5.1	6.7
Distributions to unitholders	(19.9)	(19.9)
Deficit, End of Period	(103.6)	(75.1)
Accumulated Other Comprehensive Loss, Beginning of Period	(4.1)	(9.6)
Other comprehensive income/(loss), net of tax	(9.7)	2.0
Accumulated Other Comprehensive Loss, End of Period	(13.8)	(7.6)
Total Unitholders' Equity	216.0	250.7

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended June 30,		Six months ended June 30,	
<i>(unaudited; millions of Canadian dollars)</i>	2010	2009	2010	2009
Operating Activities				
Earnings	1.5	3.4	5.1	6.7
Charges/(credits) not affecting cash				
Depreciation and amortization	23.6	22.6	46.4	45.1
Amortization of deferred financing charges	0.6	0.5	1.0	0.9
Amortization of fair value increment on long-term debt	(1.1)	(1.1)	(2.2)	(2.3)
Future income taxes	(0.1)	0.5	(0.3)	0.3
Other	0.1	(0.7)	0.2	(1.5)
Changes in operating assets and liabilities				
Change in accounts receivable and other	(1.2)	(4.2)	(3.2)	(1.9)
Change in accounts payable and accrued liabilities	(15.1)	(18.8)	(9.0)	(7.2)
Change in deferred amounts and other assets	(2.2)	0.2	(7.5)	(2.3)
Change in long-term liabilities	5.5	0.9	4.7	2.0
	11.6	3.3	35.2	39.8
Investing Activities				
Additions to property, plant and equipment	(24.8)	(2.3)	(35.8)	(6.0)
Additions to intangible assets	(0.3)	-	(0.6)	(0.2)
Change in construction payable	7.2	(7.4)	5.0	(7.5)
	(17.9)	(9.7)	(31.4)	(13.7)
Financing Activities				
Net change in long-term credit facility	(86.9)	14.0	(65.7)	3.5
Long-term debt issues	97.9	-	97.9	-
Net change in non-recourse credit facility	(0.2)	3.1	(0.5)	(3.8)
Repayment of non-recourse long-term debt	(17.0)	(15.5)	(17.0)	(15.5)
Trust unit distributions	(9.9)	(9.9)	(19.9)	(19.6)
	(16.1)	(8.3)	(5.2)	(35.4)
Decrease in Cash and Cash Equivalents	(22.4)	(14.7)	(1.4)	(9.3)
Cash and Cash Equivalents, Beginning of Period	38.6	22.7	17.6	17.3
Cash and Cash Equivalents, End of Period	16.2	8.0	16.2	8.0
			3.4	4.9
Cash and Cash Equivalents			12.8	3.1
Cash and Cash Equivalents in Trust			16.2	8.0
Supplementary Cash Flow Information				
Income taxes paid	0.6	2.7	2.3	2.3
Interest paid	27.1	29.8	28.1	30.1

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(unaudited; millions of Canadian dollars)</i>	June 30, 2010	December 31, 2009
Assets		
Current Assets		
Cash and cash equivalents	16.2	17.6
Accounts receivable and other	41.7	38.5
	57.9	56.1
Property, Plant and Equipment	1,256.4	1,261.2
Intangible Assets	86.3	89.1
Goodwill	308.1	308.1
Deferred Amounts and Other Assets	200.3	194.6
Future Income Taxes	5.0	6.2
	1,914.0	1,915.3
Liabilities and Unitholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	56.8	53.3
Distributions payable	3.3	3.3
Current portion of non-recourse long-term debt (Note 3)	58.6	57.9
	118.7	114.5
Long-Term Debt (Note 4)	329.0	296.1
Non-Recourse Long-Term Debt (Note 3)	685.0	705.1
ECT Preferred Units	380.2	380.2
Long-Term Liabilities	12.7	3.2
Asset Retirement Obligations	14.6	12.4
Future Income Taxes	157.8	163.3
	1,698.0	1,674.8
Unitholders' Equity		
Trust units	333.4	333.4
Deficit	(103.6)	(88.8)
Accumulated other comprehensive loss	(13.8)	(4.1)
	216.0	240.5
	1,914.0	1,915.3

See accompanying notes to the unaudited consolidated financial statements.

ENBRIDGE INCOME FUND
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Enbridge Income Fund (the Fund) have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). These interim consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the consolidated financial statements and notes thereto included in the Fund's 2009 Annual Report. These interim consolidated financial statements follow the same accounting policies and methods of application as those included in the Fund's 2009 Annual Report.

Earnings for interim periods may not be indicative of results for the fiscal year due to the seasonal nature of Alliance Canada and the Saskatchewan System's maintenance schedules and the Green Power segment's operations.

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

1. RESTRUCTURING APPROVED BY UNITHOLDERS

In May 2010, a plan of arrangement (the Plan) to restructure the Fund was approved by the Fund's unitholders. Under the Plan, all publicly held trust units, which collectively represent a 28% economic interest in the Fund, as well as a portion of the Enbridge Inc. (Enbridge) interest in the Fund, will be exchanged on a one for one basis for shares of a taxable Canadian corporation, Enbridge Income Fund Holdings Inc. (EIFH). In addition, in connection with the Plan, an exchange right will be issued to the holders of Enbridge Commercial Trust (ECT) Preferred Units whereby holders may exchange such ECT Preferred Units for Fund Trust Units on a one for one basis. Concurrently, the existing liquidity right which provides holders of ECT Preferred Units the option to request redemption will be terminated.

Subject to final Court and Toronto Stock Exchange approvals, the Plan is expected to take effect prior to the end of 2010, thus avoiding the effect of the January 1, 2011 implementation of tax legislation impacting specified investment flow-through (SIFT) entities. Under the Plan approved by the unitholders, the Fund will cease to be a SIFT and will not be subject to the SIFT tax.

2. SEGMENTED INFORMATION

Three months ended June 30, 2010

<i>(unaudited, millions of Canadian dollars)</i>	Alliance Canada	Saskatchewan System	Green Power	Corporate	Consolidated
Revenue	56.8	21.0	2.5	-	80.3
Operating and maintenance	(15.6)	(10.1)	(0.8)	-	(26.5)
Management and administrative	-	-	-	(3.8)	(3.8)
Depreciation and amortization	(16.1)	(6.5)	(1.0)	-	(23.6)
	25.1	4.4	0.7	(3.8)	26.4
Other income and expense	0.1	-	-	-	0.1
Interest expense	(10.9)	-	(0.1)	(2.4)	(13.4)
ECT preferred unit distributions	-	-	-	(10.9)	(10.9)
Income tax recovery/(expense)	-	0.7	-	(1.4)	(0.7)
Earnings/(Loss)	14.3	5.1	0.6	(18.5)	1.5
Additions to Property, Plant and Equipment	1.6	23.0	0.2	-	24.8

ENBRIDGE INCOME FUND
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Three months ended June 30, 2009

<i>(unaudited, millions of Canadian dollars)</i>	Alliance Canada	Saskatchewan System	Green Power	Corporate	Consolidated
Revenue	55.2	19.4	2.7	-	77.3
Operating and maintenance	(13.6)	(9.8)	(0.7)	-	(24.1)
Management and administrative	-	-	-	(2.3)	(2.3)
Depreciation and amortization	(16.0)	(5.5)	(1.1)	-	(22.6)
	25.6	4.1	0.9	(2.3)	28.3
Other income and expense	0.3	-	-	-	0.3
Interest expense	(11.4)	-	-	(2.8)	(14.2)
ECT preferred unit distributions	-	-	-	(10.9)	(10.9)
Income tax recovery/(expense)	0.1	0.7	-	(0.9)	(0.1)
Earnings/(Loss)	14.6	4.8	0.9	(16.9)	3.4
Additions to Property, Plant and Equipment	0.5	1.6	0.2	-	2.3

Six months ended June 30, 2010

<i>(unaudited, millions of Canadian dollars)</i>	Alliance Canada	Saskatchewan System	Green Power	Corporate	Consolidated
Revenue	112.9	39.6	5.1	-	157.6
Operating and maintenance	(30.3)	(18.7)	(1.5)	-	(50.5)
Management and administrative	-	-	-	(6.1)	(6.1)
Depreciation and amortization	(32.0)	(12.3)	(2.1)	-	(46.4)
	50.6	8.6	1.5	(6.1)	54.6
Other income and expense	0.1	-	0.2	-	0.3
Interest expense	(22.0)	-	(0.2)	(5.3)	(27.5)
ECT preferred unit distributions	-	-	-	(21.9)	(21.9)
Income tax recovery/(expense)	0.1	1.4	-	(1.9)	(0.4)
Earnings/(Loss)	28.8	10.0	1.5	(35.2)	5.1
Additions to Property, Plant and Equipment	2.8	32.7	0.3	-	35.8

Six months ended June 30, 2009

<i>(unaudited, millions of Canadian dollars)</i>	Alliance Canada	Saskatchewan System	Green Power	Corporate	Consolidated
Revenue	109.2	36.6	6.2	-	152.0
Operating and maintenance	(26.5)	(17.9)	(1.3)	-	(45.7)
Management and administrative	-	-	-	(4.6)	(4.6)
Depreciation and amortization	(31.9)	(11.1)	(2.1)	-	(45.1)
	50.8	7.6	2.8	(4.6)	56.6
Other income and expense	0.6	-	0.1	0.1	0.8
Interest expense	(22.4)	-	(0.2)	(5.8)	(28.4)
ECT preferred unit distributions	-	-	-	(21.9)	(21.9)
Income tax recovery/(expense)	0.1	1.4	-	(1.9)	(0.4)
Earnings/(Loss)	29.1	9.0	2.7	(34.1)	6.7
Additions to Property, Plant and Equipment	1.3	3.7	1.0	-	6.0

ENBRIDGE INCOME FUND

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

3. NON-RECOURSE DEBT

Alliance Canada Affiliate Credit Facility

In March 2010, Alliance Canada cancelled the 365 day unsecured credit facility that allowed Alliance Canada to borrow up to US\$20 million from Alliance Pipeline L.P., an affiliated entity. No amounts were ever drawn on this facility.

4. LONG-TERM DEBT

Credit Facilities

During the second quarter of 2010, the Fund amended and restated one of its existing unsecured third party credit facilities to establish a new \$300.0 million unsecured revolving standby credit facility with a syndicate of commercial banks. As a result, the \$50.0 million 364 day third party credit facility and the \$100.0 million credit facility provided by Enbridge, an affiliated entity of the Fund's administrator, were both cancelled. The new facility has an initial term of 364 days that is extendable annually at the lenders' option. The Fund has the option to extend the maturity date of the outstanding amounts drawn under the facility by an additional year from the end of the applicable revolving term. The Fund may receive advances on this facility up to an aggregate principal amount of the credit limit by requesting Canadian prime rate loans, United States base rate loans, LIBOR loans, letters of credit advances and bankers' acceptances. Interest is charged at a rate per annum, dependent on the type of advance requested plus applicable margin. The applicable margins range from 0.75% to 2.00% per annum. Consistent with previous credit facilities, the Fund's new credit facility includes covenants that limit outstanding debt to a multiple of EBITDA (earnings before interest, taxes, depreciation and amortization). At June 30, 2010, \$143.0 million was drawn on the new facility.

Medium-Term Notes

In June 2010, the Fund issued \$100.0 million in unsecured medium-term notes (MTNs). The MTNs have a coupon of 5.0% with semi-annual interest payments due in June and December of each year, and mature on June 22, 2017. The MTNs are redeemable by the Fund prior to maturity, in whole or in part, at the option of the Fund at a price equal to the greater of a price to yield the Government of Canada yield plus 0.5% and par. Concurrent with the issuance of the MTNs, a related pre-issuance hedge was terminated.

5. RELATED PARTY TRANSACTIONS

Alliance Pipeline Capacity Transaction

On June 1, 2010, a newly created joint venture entity, Sable NGL Services L.P. (SNGL Services) in which the Fund holds a 50% interest and an unrelated third party holds the other 50% interest, acquired 20 million cubic feet per day (mmcf/d) of firm capacity on the Alliance System (the Alliance Capacity) for a period of one month at tolls equal to those charged to third party shippers under 15-year transportation service agreements. Concurrent with the acquisition of the Alliance Capacity, SNGL Services entered into an agency agreement with a subsidiary of Enbridge to manage the Alliance Capacity on its behalf, including the purchase and sale of natural gas, in return for a management fee. In connection with this transaction, SNGL Services is eligible for inducements offered by an affiliate of Enbridge, for transporting natural gas with higher heating values, to supply the natural gas extraction facility located at the terminus of the Alliance System.

ENBRIDGE INCOME FUND
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6. RISK MANAGEMENT

Alliance Canada Cash Flow Hedge

During June 2010, Alliance Canada entered into derivative instruments, with a total notional value of €9 million, to mitigate cash flow volatility that could arise on future euro denominated payments that will be made under maintenance and control unit replacement agreements. The derivative instruments will be designated as cash flow hedges.

7. SUBSEQUENT EVENTS

Distribution by the Fund

On July 15, 2010, the Fund paid monthly cash distributions of \$0.096 per trust unit. A cash distribution of \$0.096 per unit was also paid on the same date on the ECT preferred units.

On July 16, 2010, the Fund declared a monthly cash distribution of \$0.096 per trust unit to unitholders of record on July 30, 2010, which is payable on August 13, 2010. The Fund also declared a distribution of \$0.096 per unit on the same date on the ECT preferred units.



Enbridge Income Fund's ordinary units trade on the Toronto Stock Exchange under the symbol ENF.UN.

Enbridge Income Fund
3000, 425 - 1st Street S.W.
Calgary, Alberta, Canada T2P 3L8
Telephone: (403) 231-3900
Fax: (403) 231-3920

www.enbridgeincomefund.com