ENBRIDGE INCOME FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion and Analysis (MD&A) dated February 19, 2016 should be read in conjunction with the audited financial statements and notes thereto of Enbridge Income Fund (the Fund) as at and for the year ended December 31, 2015, prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). Unless otherwise noted, all financial information is presented in Canadian dollars. Additional information related to the Fund, including its Annual Information Form, is available on SEDAR at www.sedar.com.

OVERVIEW

The Fund is an unincorporated open-ended trust established by a trust indenture under the laws of the Province of Alberta. The unitholders of the Fund are Enbridge Income Fund Holdings Inc. (ENF), a public company listed on the Toronto Stock Exchange (TSX), and Enbridge Inc. (Enbridge), a North American transporter, distributor and generator of energy listed on the TSX and New York Stock Exchange. Enbridge Management Services Inc. (EMSI or the Manager), a wholly-owned subsidiary of Enbridge, administers the Fund. EMSI also serves as the manager of Enbridge Commercial Trust (ECT), a wholly-owned investment of the Fund, Enbridge Income Partners LP (EIPLP), an indirect investment of the Fund and ENF. EIPLP is a partnership between ECT and Enbridge. The Fund, ECT, EIPLP and the subsidiaries of EIPLP are referred to as the Fund Group.

Enbridge's total economic interest in the Fund Group was 89.2% at December 31, 2015 and at February 17, 2016 based on its indirect interest in the Fund through ENF, its direct interest in the Fund through ordinary trust units of the Fund (Fund Units), its interest in preferred units of ECT (ECT Preferred Units) and its interest in common units of EIPLP.

The financial performance of the Fund is a direct reflection of the performance of EIPLP which owns all of the operating business held by the Fund Group. For additional information on the performance of the businesses within the Fund Group please refer to EIPLP's MD&A which is filed on SEDAR at www.sedar.com under the Fund's profile.

THE 2015 TRANSACTION

On September 1, 2015, EIPLP acquired 100% interests in the following entities (collectively, the Purchased Entities) from Enbridge and certain subsidiaries for an aggregate consideration of $30.4 billion plus incentive distribution and performance rights, less working capital adjustments (the 2015 Transaction):

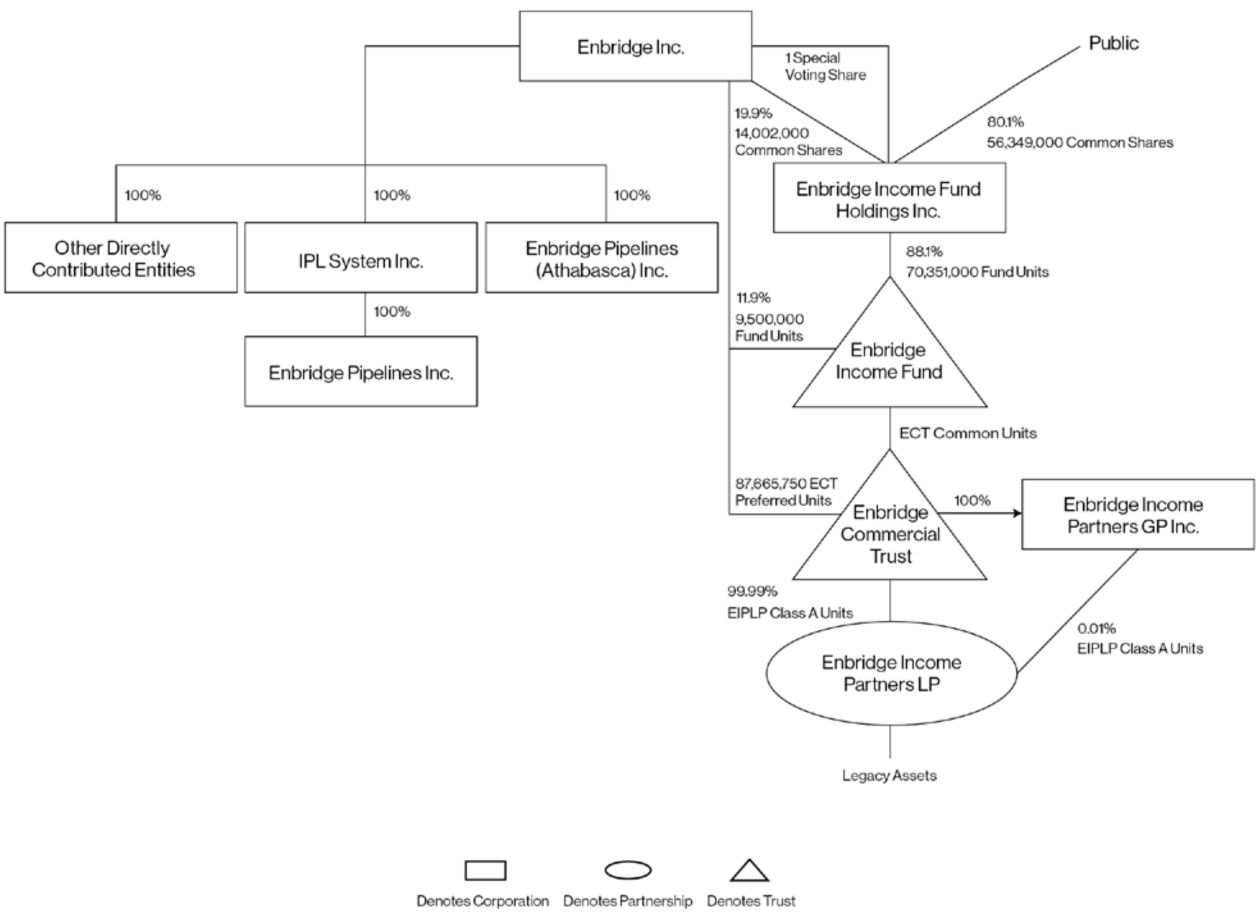
- Enbridge Pipelines Inc. (EPI)
- Enbridge Pipelines (Athabasca) Inc. (EPAI)
- Enbridge Hardisty Storage Inc.
- Enbridge Southern Lights GP Inc.
- Enbridge Lac Alfred Wind Project GP Inc.
- Enbridge Massif du Sud Wind Project GP Inc.
- Enbridge Blackspring Ridge I Wind Project GP Inc.
- Enbridge Saint Robert Bellarmin Wind Project GP Inc.

Prior to September 1, 2015, EIPLP was 100% owned and controlled by ECT and by the general partner, a subsidiary of ECT, through their holdings in class A units of EIPLP (EIPLP Class A Units). Both entities at the time were wholly-owned consolidated subsidiaries of the Fund. The general partner has the right to manage, control and operate the businesses of EIPLP.

Upon closing of the 2015 Transaction, Enbridge acquired a controlling interest in EIPLP of approximately 57.2% reducing ECT's ownership to approximately 42.8%. Additionally, Enbridge now holds a 51% direct interest in the general partner of EIPLP. As a result, ECT prospectively applied the equity method to account for its investment in EIPLP. The ECT trust indenture was amended to provide for appointment of trustees by Enbridge in accordance with its economic interest in ENF and the Fund Group. As a result, the Fund ceased to consolidate ECT as it is no longer the primary beneficiary of ECT nor does it control ECT. The Fund continues to participate in the ownership and management of the indirectly owned entities held by EIPLP through its governance structure, which includes Trustee oversight and decision making related to the underlying assets. The Fund prospectively applied the equity method to account for its investment in ECT as it has significant influence through its 100% ownership interest in ECT.

ECT applies the Hypothetical Liquidation at Book Value (HLBV) method to its equity method investments where cash distributions, including both preference and residual distributions, are not based on the investor's ownership percentages. Under the HLBV method, a calculation is prepared at each balance sheet date to determine the amount that ECT would receive if EIPLP were to liquidate all of its assets, as valued in accordance with U.S. GAAP, and distribute that cash to the investors. The difference between the calculated liquidation distribution amounts at the beginning and the end of the reporting period, after adjusting for capital contributions and distributions, is ECT's share of the earnings or losses from the equity investment for the period.

Pre-Closing Corporate Structure
The following diagram illustrates the corporate structure of the Fund and the ownership of the Purchased Entities within the corporate structure of Enbridge, prior to the completion of the 2015 Transaction.



Legacy Assets represent the Fund's underlying operating assets, exclusive of those acquired in the 2015 Transaction.

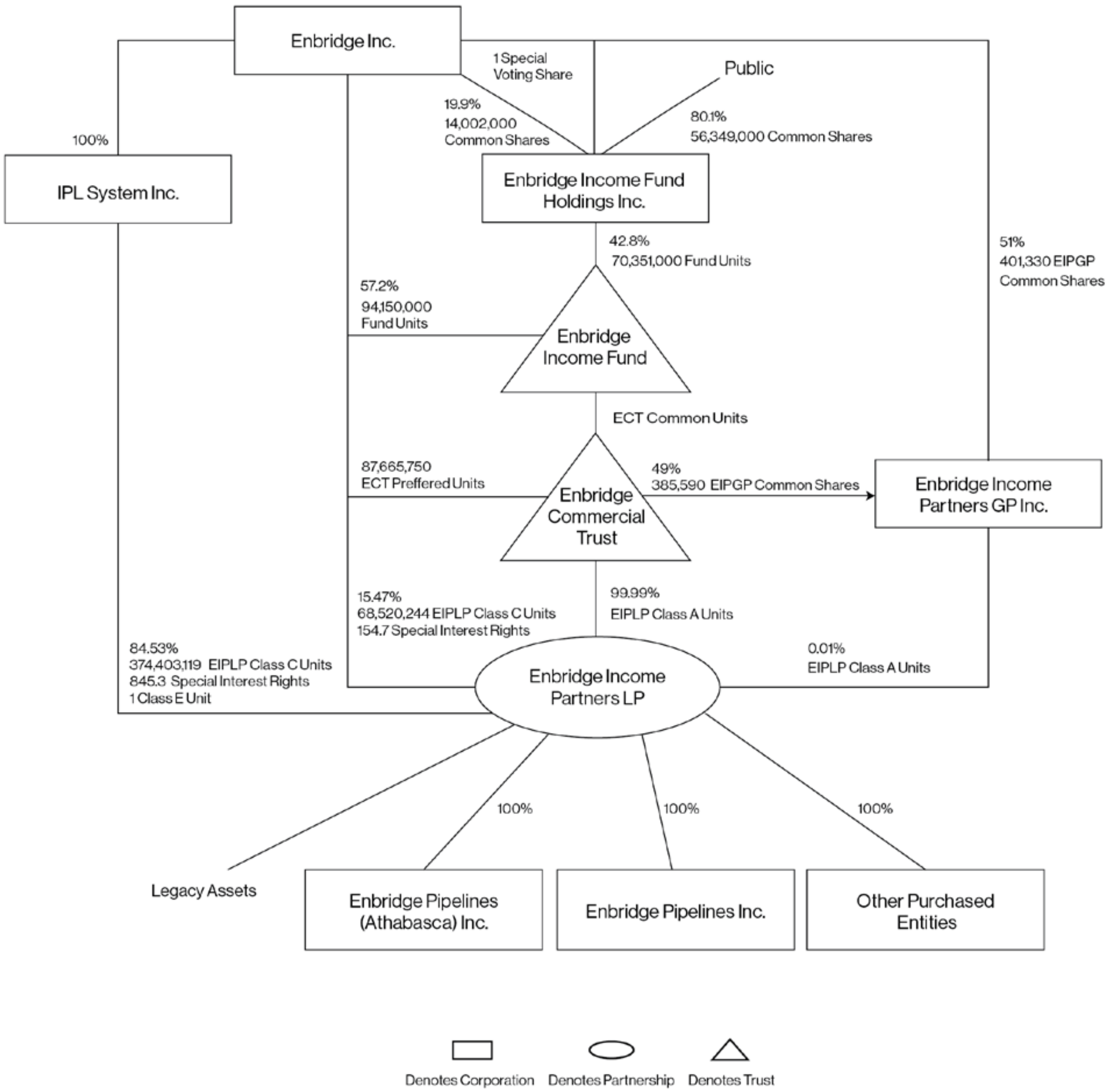
The following table details Enbridge's direct ownership and indirect ownership Fund Units, ECT Preferred Units, EIPLP Class A Units and common shares of ENF (ENF Common Shares) prior to the 2015 Transaction.

	Enbridge Ownership Interest			Enbridge Economic Interest		
Fund Ownership	Outstanding	Enbridge's Ownership	Enbridge Ownership %	Outstanding[1]	Enbridge's Ownership	Enbridge Ownership %
ENF Common Shares	70,351,000	14,002,000	19.9%	70,351,000	14,002,000	8.4%
Fund Units	79,851,000	9,500,000	11.9%	9,500,000	9,500,000	5.7%
ECT Common Units	168,854,837	-	-	-	-	-
ECT Preferred Units	87,665,750	87,665,750	100%	87,665,750	87,665,750	52.3%
EIPLP Units[2]	245,391,504	-	-	-	-	-
				167,516,750	111,167,750	66.4%

1 Excluding units owned among entities in the Fund Group.
2 EIPLP Class A Units.

Post-Closing Corporate Structure

The following diagram illustrates the corporate structure of the Fund and the ownership of the Purchased Entities within the corporate structure of the Fund upon completion of the 2015 Transaction.



Legacy Assets represent the Fund's underlying operating assets, exclusive of those acquired in the 2015 Transaction.

The following table details Enbridge's direct ownership and indirect ownership of Fund Units, ECT Preferred Units, EIPLP Class A Units or class C units of EIPLP (EIPLP Class C Units) and ENF Common Shares as at September 1, 2015, subsequent to the 2015 Transaction.

	Enbridge Ownership Interest			Enbridge Economic Interest		
Fund Ownership	Outstanding	Enbridge's Ownership	Enbridge Ownership %	Outstanding[1]	Enbridge's Ownership	Enbridge Ownership %
ENF Common Shares	70,351,000	14,002,000	19.9%	70,351,000	14,002,000	2.0%
Fund Units	164,501,000	94,150,000	57.2%	94,150,000	94,150,000	13.6%
ECT Common Units	253,504,837	-	-	-	-	-
ECT Preferred Units	87,665,750	87,665,750	100%	87,665,750	87,665,750	12.6%
EIPLP Units[2]	772,964,867	442,923,363	57.3%	442,923,363	442,923,363	63.7%
				695,090,113	638,741,113	91.9%

1 Excluding units owned among entities in the Fund Group.
2 Includes EIPLP Class A Units and EIPLP Class C Units.

A summary of the impacts of the changes in accounting on the Fund's Statements of Earnings and Statements of Financial Position for the year ended and as at December 31, 2015 resulting from the 2015 Transaction are summarized in the table below:

	Six months ended June 30, 2015	July and August 2015 consolidated	Four months ended December 31, 2015 equity accounting	**Twelve months ended December 31, 2015**
(millions of Canadian dollars)				
Revenues	225	73	-	**298**
Expenses	(161)	(51)	-	**(212)**
Income from equity investments	86	22	7	**115**
Other income and expenses	(46)	(2)	(33)	**(81)**
Earnings/(loss)	104	42	(26)	**120**

	June 30, 2015	Movement and Deconsolidation	September 1, 2015	2015 Transaction	September through December Movement	**December 31, 2015**
(millions of Canadian dollars)						
Current assets	163	459	622	-	(699)	**545**
Long-term assets	3,952	1,982	5,934	(4,259)	(5,519)	**2,090**
Current liabilities	241	(187)	54	-	315	**423**
Long-term liabilities	3,004	(375)	2,629	-	(3,033)	**2,225**
Mezzanine equity	5,692	(2,978)	2,714	3,000	(3,162)	**5,266**
Unitholders' deficit	(4,822)	5,981	1,159	(7,259)	(338)	**(5,279)**

In summary, the 2015 Transaction resulted in changes to the Fund's method of accounting for its investments in ECT and EIPLP from consolidation accounting to equity method accounting due to certain ownership and governance changes (the Accounting Impacts). These changes were applied prospectively from September 1, 2015, the closing date of the 2015 Transaction. The results of operations prior to September 1, 2015 were accounted for on a consolidated basis. Further, the 2015 Transaction resulted in the Fund having one operating segment subsequent to September 1, 2015 and as such no operating segment information is presented. Prior to this date, the Fund had four operating segments: Liquids Transportation and Storage, Natural Gas Transmission, Green Power and Corporate.

For more details on the 2015 Transaction, refer to the *Enbridge Income Partners LP - Recent Developments* section of this MD&A.

THE 2014 TRANSACTION

On November 7, 2014, the Fund completed a transaction whereby indirect wholly-owned subsidiaries of the Fund acquired from Enbridge a 50% equity interest in the U.S. segment of the Alliance Pipeline (Alliance Pipeline US) and subscribed for and purchased class A Units of certain Enbridge subsidiaries which provide a defined cash flow stream from the Southern Lights Pipeline (Southern Lights Class A Units) for aggregate consideration of $1.8 billion (the 2014 Transaction). At the time of the 2014 Transaction, the Fund previously owned a 50% investment in the Canadian portion of Alliance Pipeline (Alliance Pipeline Canada).

The Alliance Pipeline US component of the 2014 Transaction was accounted for as a transaction among entities under common control, similar to a pooling of interests, whereby the assets and liabilities acquired were recorded at Enbridge's historic carrying values. Financial information for periods prior to November 7, 2014, the closing date of the 2014 Transaction, have been retrospectively adjusted to present the result of operations for the Fund and its interests in Alliance Pipeline US on a combined basis. The Southern Lights Class A Unit component of the 2014 Transaction was accounted for as a loan investment and did not require retrospective restatement.

The retrospective adjustments may not be comparable to results generated under the Fund's direct ownership as historic performance would have been influenced by different financing assumptions. The impacts of the retrospective adjustments have been eliminated from the determination of adjusted earnings.

ENBRIDGE INCOME FUND PERFORMANCE OVERVIEW

	Three months ended December 31,		Year ended December 31,		
	2015	2014	**2015**	2014	2013
(millions of Canadian dollars, except per share amounts)					
Earnings[1]	**2**	26	**120**	150	117
Adjusted earnings[2]	**36**	21	**201**	111	98
Cash flow data					
Cash provided by operating activities	**109**	76	**509**	323	306
Cash used by investing activities	**(874)**	(65)	**(3,995)**	(1,806)	(93)
Cash provided/(used) by financing activities	**764**	(161)	**3,457**	1,483	(374)
Distributions					
Fund Unit distributions declared	**86**	34	**213**	114	106
Fund Unit distribution per unit	**$0.4723**	$0.4500	**$1.8892**	$1.6674	$1.6122
Revenues[1]	**-**	102	**298**	416	403
Total assets[3]			**2,635**	4,081	2,958
Total long-term liabilities[3]			**2,225**	3,012	1,875

1 Earnings and revenues include consolidated results for all periods prior to September 1, 2015.

2 Adjusted earnings is a non-GAAP measure that does not have any standardized meaning prescribed by generally accepted accounting principles. For more information, see Non-GAAP Measures.

3 As at December 31, 2015, 2014 and 2013.

Earnings
Earnings were $120 million for the year ended December 31, 2015, compared with $150 million and $117 million for the comparable periods of 2014 and 2013, respectively. Included in earnings for the current year were eight months of consolidated earnings of $146 million and four months of equity investment losses and corporate interest expense of $26 million, reflecting the changes in accounting discussed in *Overview – The 2015 Transaction*. In addition, the comparability of the Fund's earnings for the consolidation period were impacted by a number of unusual, non-recurring and non-operating factors, the most significant of which were changes in unrealized derivative instrument fair value, unrealized changes in translation of a United States dollar denominated intercompany loan and transaction costs related to the 2015 Transaction occurring in the consolidation period. Annual earnings for 2014 and 2013 were also impacted by retrospective accounting adjustments in respect of the 2014 Transaction, as discussed in *Overview – The 2014 Transaction* above.

Earnings for the three months ended December 31, 2015 were $2 million compared with $26 million for the three months ended December 31, 2014. The reduction in earnings quarter over quarter is a direct result of the ownership and prospective accounting changes resulting from the 2015 Transaction, as discussed in *Overview – The 2015 Transaction* above. As a result of the Accounting Impacts, the Fund's earnings are primarily comprised of income from its indirect investment in EIPLP, reduced by incentive fees and preferred distributions paid to Enbridge by ECT.

Adjusted earnings
Adjusted earnings for the year ended December 31, 2015 were $201 million compared with $111 million and $98 million for the years ended December 31, 2014 and 2013, respectively. Although the Fund's asset base increased in 2015 as a result of the 2014 Transaction and 2015 Transaction, this increase in adjusted earnings was partially offset by several factors. Firstly, the Fund's ownership of EIPLP decreased as part of the 2015 Transaction as Enbridge now holds a direct ownership interest in EIPLP Class C Units. Further offsetting the increase in adjusted earnings were higher incentive fees paid to the Manager than the comparative periods of 2014 as a result of the 2015 Transaction.

Adjusted earnings for the three months ended December 31, 2015 were $36 million compared with $21 million for the three months ended December 31, 2014. The Fund's adjusted earnings for the fourth quarter increased compared to the prior year as a result of the same factors as the full year.

The Fund adjusts for ECT's portion of the unusual, non-recurring or non-operating items within earnings of EIPLP, the most significant of which relate to changes in unrealized derivative fair value gains and losses. Please refer to *Enbridge Income Partners LP Performance Overview* for analysis of the underlying operating assets within EIPLP. The unusual, non-recurring or non-operating items which occur within earnings of the Fund as discussed above in *Earnings* are also adjusted.

Cash flows
Cash provided by operating activities was $509 million for the year ended December 31, 2015 compared to $323 million and $306 million for the years ended December 31, 2014 and 2013, respectively, reflecting a significant increase in cash distributions in excess of equity earnings received from the Fund's equity investments, including ECT.

As part of the 2015 Transaction, the Fund subscribed for approximately 85 million common units of ECT at a price of $35.44, or $3.0 billion in aggregate. Further, in November 2015, the Fund subscribed for an additional 27 million common units of ECT at a price of $32.60, or $874 million in aggregate. Correspondingly, the Fund issued 111 million Fund Units in two tranches, 85 million in September 2015 and 26 million in November 2015, for gross proceeds of $3.9 billion.

As part of the 2014 Transaction, the Fund made a significant investment in Alliance Pipeline US and subscribed for and purchased Class A units which provide a defined cash flow stream from the Southern Lights Pipeline. To finance these investments, as well as to refinance certain debt maturities, the Fund issued 14 million Fund Units for gross proceeds of $421 million, issued medium-term notes of $1,080 million and ECT issued 15 million ECT Preferred Units for gross proceeds of $461 million.

The trends in cash flows experienced during the fourth quarter of 2015 compared to the fourth quarter of 2014 are consistent with trends experienced during the corresponding annual periods.

Distributions

The Fund pays monthly distributions to its unitholders. Distributions for the year ended December 31, 2015 were declared at an annual aggregate rate of $1.8892 per unit representing total distributions of $323 million, inclusive of distributions on the ECT Preferred Units owned by Enbridge prior to the close of the 2015 Transaction. Distributions for the years ended December 31, 2014 and 2013 were declared at an annual aggregate rate of $1.6674 per unit representing total distributions of $240 million and $1.6122 per unit representing total distributions of $222 million, respectively. The increase through the years results from the increased number of Fund Units outstanding as well as increased distribution rates following the 2014 Transaction.

Revenues

Revenues for all periods presented are not considered comparable as a result of the change in accounting treatment resulting from the 2015 Transaction.

FORWARD-LOOKING INFORMATION

Forward-looking information, or forward-looking statements, have been included in this MD&A to provide information about the Fund Group, including management's assessment of future plans and operations of the Fund Group. 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", "likely" and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information or statements included or incorporated by reference in this document include, but are not limited to, statements with respect to the following: expected earnings/(loss); expected adjusted earnings/(loss), adjusted earnings/(loss) before interest and taxes (adjusted EBIT) or expected available cash flow from operations (ACFFO); expected future cash flows; expected capital expenditures; future distributions to the Fund by ECT; estimated future distributions and distribution targets; expectations regarding the impact of the 2015 Transaction and distribution payouts.

Although the Fund Group believe 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 following: the expected supply of and demand for crude oil, natural gas, natural gas liquids (NGL) and renewable energy; prices of crude oil, natural gas, NGL and renewable energy; expected exchange rates; inflation; interest rates; completion of growth projects; availability and price of labour and pipeline construction materials; operational reliability; customer and regulatory approvals; maintenance of support and regulatory approvals for the Fund Group's projects; anticipated in-service dates; weather; the impact of the 2015 Transaction on the Fund Group's future cash flows, credit ratings and capital project funding; expected earnings/(loss); expected adjusted earnings/(loss) or adjusted EBIT; expected future cash flows and expected future ACFFO; and estimated future distributions. Assumptions regarding the expected supply of and demand for crude oil, natural gas, NGL and renewable energy, 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 Group's services. Similarly, exchange rates, inflation and interest rates impact the economies and business environments in which the Fund Group operate and may impact level of demand for the Fund Group'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/ (loss), adjusted earnings/ (loss), adjusted EBIT, ACFFO and the impact of the 2015 Transaction on the Fund Group or estimated future distributions. The most relevant assumptions associated with forward-looking statements on projects under construction, including estimated completion dates and expected capital expenditures include the following: availability and price of labour and pipeline construction *materials; the effects of inflation and foreign exchange rates on labour and material costs; the effects of interest rates on borrowing costs; the impact of weather; and customer and regulatory approvals on construction and in-service schedules.*

The Fund Group's forward-looking statements are subject to risks and uncertainties pertaining to the impact of the 2015 Transaction, operating performance, regulatory parameters, project approval and support, weather, economic and competitive conditions, changes in tax law and tax rate increases, exchange rates, interest rates, commodity prices and supply of 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 Group's future course of action depends on management's assessment of all information available at the relevant time. Except to the extent required by applicable law, the Fund Group 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 Group or persons acting on Fund Group's behalf, are expressly qualified in their entirety by these cautionary statements.

NON-GAAP MEASURES

This MD&A contains references to adjusted earnings, EIPLP adjusted earnings before interest and taxes (EIPLP adjusted EBIT) and EIPLP available cash flow from operations (EIPLP ACFFO). Adjusted earnings represent the Fund's earnings adjusted for unusual, non-recurring or non-operating factors, including unusual, non-recurring or non-operating factors underpinning the Fund's indirect equity earnings of EIPLP. EIPLP adjusted EBIT represent EIPLP's earnings before interest and income taxes, respectively, adjusted for unusual, non-recurring or non-operating factors on a consolidated basis. These factors, referred to as adjusting items, are reconciled and discussed in the financial results sections.

EIPLP ACFFO represents EIPLP's cash available to fund distributions to partners, as well as for debt repayments and reserves. EIPLP ACFFO consists of EIPLP adjusted EBIT further adjusted for non-cash items, representing cash flow from EIPLP's underlying businesses, less deductions for maintenance capital expenditures, interest expense, applicable taxes and other items of an unusual or transient nature which are not indicative of the underlying or sustainable cash flows of the business. EIPLP ACFFO is important to unitholders as the Fund Group's objective is to provide a predictable flow of distributions to unitholders.

Management believes the presentation of adjusted earnings, EIPLP adjusted EBIT and EIPLP ACFFO provides useful information to investors and unitholders as it provides increased transparency and predictive value. Management uses adjusted earnings, EIPLP adjusted EBIT and EIPLP ACFFO to set targets, including the distribution payout target, and to assess the performance of the Fund Group. Adjusted earnings, EIPLP adjusted EBIT and EIPLP ACFFO are not measures that have standardized meanings prescribed by U.S. GAAP and are not considered U.S. GAAP measures. Therefore, these measures may not be comparable with similar measures presented by other issuers. The tables below summarize the reconciliation of the GAAP and non-GAAP measures.

NON-GAAP RECONCILIATIONS

	Three months ended December 31,		Year ended December 31,		
	2015	2014	**2015**	2014	2013
(millions of Canadian dollars)					
Earnings[1]	**2**	26	**120**	150	117
Adjusted earnings:					
Adjusting items at EIPLP[2]	**34**	-	**91**	-	-
Transaction costs[3]	**-**	1	**12**	6	-
Alliance Pipeline US retrospective accounting adjustments[4]	**-**	(5)	**-**	(39)	(38)
Other[5]	**-**	5	**(22)**	(6)	19
Adjusted earnings	**36**	21	**201**	111	98

1 *See* Overview *section.*
2 *Represents ECT's portion of the unusual, non-recurring or non-operating items within earnings of EIPLP.*
3 *Includes transaction costs related to the 2015 Transaction and the 2014 Transaction. Transaction costs include fees primarily related to financial, technical and legal advisors.*
4 *In accordance with U.S. GAAP, earnings for the three months and year ended December 31, 2014 have been retrospectively adjusted to furnish comparative information related to Alliance Pipeline US. The impact of the retrospective adjustments has been removed from adjusted earnings to reflect earnings generated under the Fund's ownership effective November 7, 2014.*
5 *Primarily includes changes in unrealized derivative instrument fair value and changes in unrealized position on foreign currency translation on intercompany loan for the years ended December 31, 2015 and 2014 and a write-down of regulatory assets for the year ended December 31, 2013.*

ENBRIDGE INCOME PARTNERS LP OVERVIEW

The performance of the Fund is ultimately derived from the underlying operating segments of its indirect investee EIPLP. These operating segments are strategic business units established by senior management to facilitate the achievement of EIPLP's long-term objectives and the objectives of EIPLP's partners, as well as to aid in resource allocation decisions and to assess operational performance. Financing costs, management and administrative costs, current and deferred income taxes and other costs not attributable to specific business segments are presented on a consolidated basis. An overview of EIPLP's operating segments, Liquids Pipelines, Gas Pipelines and Green Power, is provided below.

Liquids Pipelines Overview

Liquids Pipelines consists of common carrier and contract crude oil, NGL and refined products pipelines, feeder pipelines, gathering systems and terminals in Canada, including Canadian Mainline, Regional Oil Sands System, Southern Lights Pipeline, which includes Southern Lights Canada and Class A units of the United States portion of Southern Lights and Feeder Pipelines and Other.

Gas Pipelines Overview

Gas Pipelines includes EIPLP's 50% interest in both the Canadian and United States portions of the Alliance Pipeline System which transports liquids-rich natural gas from northeast British Columbia, northwest Alberta and the Bakken area of North Dakota to Channahon, Illinois.

Green Power Overview

Green Power includes approximately 1,437 megawatts (MW) (1,052 MW net after taking into account third party interests) of renewable and alternative energy generating capacity from wind farms located in Alberta, Saskatchewan, Ontario and Quebec and solar facilities located in Ontario.

Performance Overview

A summary of financial information of EIPLP derived from its consolidated financial statements prepared in accordance with U.S. GAAP is provided below. Readers are encouraged to read EIPLP's financial statements and MD&A which are filed on SEDAR at www.sedar.com under the Fund's profile.

	Three months ended December 31,		Year ended December 31,		
	2015	2014	**2015**	2014	2013
(millions of Canadian dollars, except per unit amounts)					
Adjusted EBIT	**478**	62	**933**	248	223
Available cash flow from operations[1]	**509**	92	**986**	367	344
Distributions					
Class A Unit distributions declared to ECT	**169**	106	**546**	349	305
Class A Unit distribution per unit	**0.4874**	0.4724	**1.9669**	1.7621	1.6251

1 *ACFFO is a non-GAAP measure that does not have a standardized meaning prescribed by U.S. GAAP. For more information, see* Non-GAAP Measures*.*

EIPLP Adjusted EBIT

The increase in EIPLP adjusted EBIT quarter over quarter, and year over year, is directly attributable to the significant increase of EIPLP's asset base following the 2015 Transaction and the 2014 Transaction.

EIPLP ACFFO

Similar to adjusted EBIT, the increase in EIPLP ACFFO is driven by the significant increase of EIPLP's asset base following the 2015 Transaction and the 2014 Transaction. The period-over-period increase was partially offset by higher maintenance capital expenditures, as well as higher interest and tax expenses in 2015 resulting from increased business activity associated with the increased asset base.

EIPLP Distributions

EIPLP declares distributions to its partners on a monthly basis. The year over year increase in the distributions declared to ECT is a direct result of the units issued during the year and an increase in the distribution rate. The distributions received by ECT are used to fund its incentive fee and ECT Preferred Unit distributions to Enbridge, as well as to fund its distributions to the Fund.

Recent Developments

Canadian Liquids Pipelines and Renewable Energy Assets Transaction

On September 1, 2015, EIPLP completed the Canadian Restructuring Plan, referred to as the 2015 Transaction, for $30.4 billion plus incentive distribution and performance rights, less working capital adjustments.

The Liquids Pipelines assets primarily consist of the Canadian Mainline, held through EPI, and the Regional Oil Sands System, held through EPAI. The Canadian Mainline includes a number of large diameter crude oil, NGL and refined products pipelines receiving hydrocarbon liquids at, and making deliveries to, various locations in western Canada and connecting to the Lakehead System, which is owned by Enbridge Energy Partners, L.P. (EEP), an affiliate of EIPLP, at the Canada/United States border near Gretna, Manitoba and Neche, North Dakota. The Canadian Mainline also includes a number of pipelines in eastern Canada. The Regional Oil Sands System includes a number of trunk line and lateral pipelines which collect synthetic crude oil and diluted bitumen from eight different producing oil sands projects for delivery to pipeline hub terminal locations at Edmonton, Alberta and Hardisty, Alberta. The Renewable Energy Assets include interests in three operational wind farms in Quebec and one operational wind farm in Alberta.

EIPLP acquired all of the issued and outstanding shares of each of the Purchased Entities from Enbridge and certain of its subsidiaries. The aggregate purchase price payable by EIPLP to Enbridge consisted of approximately $2.7 billion in cash and $15.7 billion of units of EIPLP. EIPLP also assumed debt from the Purchased Entities with a book value of approximately $11.7 billion.

To partially fund the 2015 Transaction, EIPLP issued 443 million EIPLP Class C Units at a price of $35.44 per unit. The EIPLP Class C Units have direct voting rights and are entitled to non-cumulative distributions equivalent to distributions declared on a Fund Unit. The holders of this class of units have an exchange right which allows for an exchange of the EIPLP Class C Units for Fund Units, ECT Preferred Units or common shares of ENF on a one-for-one basis at any time. As a result of the 2015 Transaction, the terms of the Fund Units and ECT Preferred Units were also amended to allow for an exchange of those units into common shares of ENF on a one-for-one basis at any time.

In addition, a portion of the consideration included Special Interest Rights (SIR) issued to Enbridge. The holders of the SIR are entitled to receive Incentive Distribution Rights (IDR) and TPDR distributions (collectively, SIR distributions) in priority to any distributions which are to be paid to holders of any other units, except the one class E unit issued by EIPLP (EIPLP Class E Unit), which is discussed below. The IDR includes a base annual incentive fee amount of $7.9 million and is also entitled to 25% of the pre-incentive distributable cash flow above a base distribution threshold of $1.295 per unit, reduced by a tax factor (unchanged from the pre-existing incentive sharing formula) which is paid out of ECT. Distributions over $1.890 per unit are distributed from EIPLP.

The TPDR provides a distribution equivalent to 33% of pre-incentive distributable cash flow above the base distribution of $1.295 per unit. The TPDR are paid in the form of Class D units of EIPLP and will be issued each month until the later of the end of 2020 or 12 months after the Canadian portion of the Line 3 Replacement Program enters service. The Class D unitholders receive a distribution each month equal to the per unit amount paid on EIPLP Class C Units, but to be paid in kind in additional Class D units. Each Class D unit is convertible into a cash paying EIPLP Class C Unit in the fourth year after its issuance. The SIR have no direct voting rights, except in limited circumstances. The SIR are designed to provide consideration for the secured growth embedded within the transferred businesses; however, the cash outflows related to this incentive mechanism will be deferred (until such time as the units are convertible into a class of cash paying units in the fourth year after issuance).

EIPLP also issued one EIPLP Class E Unit at a value of approximately $475 million to Enbridge. The EIPLP Class E Unit is entitled to a redemption amount approximately equal to the Enbridge Employee Services Canada Inc. Series A preferred shares after-tax redemption amount. The redemption amount will be paid by EIPLP in priority to all other distributions payable. This class of unit has no voting rights, except in limited circumstances.

As a part of the 2015 Transaction, the general partner entered an agreement with EMSI to delegate the execution of certain of its powers to the Manager under an Intercorporate Services Agreement. The Manager will be responsible for the operations and day-to-day management of the Purchased Entities as well as assets previously held by EIPLP. The Manager will also provide EIPLP administrative and general support services.

FUND GROUP OBJECTIVES AND STRATEGY

The Fund Group's objectives are to provide a predictable flow of distributable cash and to increase, where prudent, cash distributions per trust unit, or partnership unit, through investment in and ongoing management of lower risk energy infrastructure assets. The Fund Group's objectives and strategies are also aligned to support the corporate vision and strategies of its sponsor, Enbridge.

In order to achieve these objectives, the Manager pursues the following principal strategies which entail:

- Commitment to Safety and Operational Reliability;
- Strengthen Core Businesses;
- Focus on Project Management; and
- Preserve Financing Strength and Flexibility.

The Fund Group is closely focused on safety, system performance and operating effectiveness. The commitment to safety and operational reliability means achieving industry and maintaining leadership in safety (process, public and personal) and ensuring the operational reliability and integrity of the systems the Fund Group operates in order to generate, transport and deliver the energy society counts and to protect the environment.

Within the Fund Group's Liquids Pipelines assets, strategies to strengthen the core business are focused on optimizing asset performance, strengthening stakeholder and customer relationships and providing access to new markets for production from northwestern Canada, all while ensuring safe and reliable operations. The Fund Group's assets are strategically located and well-positioned to capitalize on opportunities. Throughout 2015, the Canadian Mainline has continued to optimize and expand its mainline system and record throughput levels were reached, driven by strong supply and refinery demand in combination with efforts to maximize capacity and throughput and to enhance scheduling efficiency with shippers.

The Liquids Pipelines business that the Fund Group acquired is expected to have future organic growth opportunities beyond the current inventory of secured projects. The Fund Group will have a first right to execute any such projects that fall within the footprint of the Canadian Liquids Pipelines business.

Within the Gas Pipelines assets, the Fund Group seeks to optimize the competitive advantage of its existing asset footprint, as the Alliance Pipeline is well-positioned to provide liquids-rich gas transportation to developing regions in northeast British Columbia, northwestern Alberta and the Bakken. Alliance Pipeline has successfully re-contracted its firm capacity with shippers under its new services framework that commenced in December 2015. Long-term contracts have been secured through staged and non-staged receipt or full path services with an average contract length of approximately five years. In the brief period since Alliance Pipeline implemented its new services framework, Alliance Pipeline has also seen significant interest in its interruptible and seasonal firm services through its open season process.

Within the Green Power assets, strategies are driven by the objective to manage and maintain facilities in such a way as to maximize power generation and related revenues when the relevant wind, solar or waste heat energy resource is available.

The Manager will continue to assess ways to generate value for the Fund Group's partners, including reviewing opportunities that may lead to acquisitions or other strategic transactions, some of which may be material and involve Enbridge. Opportunities are screened, analyzed and assessed using strict operating, strategic and financial criteria with the objective of ensuring the effective deployment of capital and the enduring financial strength and stability of the Fund Group.

Preservation of financial flexibility will continue to be a strategic priority. Ongoing access to cost effective sources of debt and equity capital is critical to the successful execution of the Fund Group's strategy to expand existing assets and acquire or develop new energy infrastructure.

LIQUIDITY AND CAPITAL RESOURCES

In keeping with its low risk value proposition, the Fund actively monitors and manages exposure to financial risks. The Fund's financing strategy is to maintain strong, investment grade credit ratings and ongoing access to capital markets. To protect against more severe market disruptions, the Manager targets to maintain sufficient liquidity in the form of committed standby credit facilities to finance anticipated operating and capital requirements for at least a year without having to access long-term capital markets.

Cash Requirements

Liquidity needs can be met through a variety of sources, including distributions from ECT and drawdowns on available capacity under the Fund's committed standby credit facilities. The Fund maintains a current medium term note (MTN) shelf prospectus with Canadian securities regulators, which enables ready access to Canadian public capital markets, subject to market conditions. The Fund has total MTN maturities of $2,404 million over the next five years and thereafter; specifically $330 million due in less than one year, $325 million due in two years, $125 million due in three years, $300 million due in four years, $100 million due in five years and $1,224 million thereafter.

Sources and Uses of Cash

The Fund's primary uses of cash are distributions to unitholders, investments, administrative expense and interest and principal repayments on the Fund's long-term debt. Sources of cash include distributions from ECT, new offerings of debt and equity, draws under committed credit facilities, as well as loans from affiliates.

Debt

Long-term debt consists of MTNs and a committed credit facility. In August 2015, the Fund extended the maturity date of its existing $500 million, 3-year standby committed credit facility with a syndicate of commercial banks to June 28, 2018. In October 2015, the Fund increased the amount committed under this credit facility by $1,000 million, to a total of $1,500 million. On an annual basis, the Fund may request a one year extension of the applicable maturity date. At December 31, 2015, there was nil (2014 – $140 million) drawn on the facility. Letters of credit totalled $11 million (2014 – $4 million) leaving $1,489 million (2014 – $356 million) of the credit facility available for use at December 31, 2015. The Fund is subject to several covenants under its credit facility, including covenants that limit outstanding debt to a percentage of the Fund's and EIPLP's capitalization. The Fund was in compliance with all covenants as at December 31, 2015.

There were no MTNs issued during the year ended December 31, 2015. In November 2014, the Fund issued a $1,080 million multi-tranche debt offering of senior unsecured MTNs in the Canadian debt capital markets, comprised of: $330 million of 2-year floating rate notes, $500 million of 10-year unsecured MTNs at a fixed interest rate of 3.95% and $250 million of 30-year unsecured MTNs at a fixed interest rate of 4.87%. The proceeds of the offering were used to repay the $878 million bridge loan provided by Enbridge in connection with the 2014 Transaction and to refinance a $200 million MTN that matured in November 2014.

Equity

In September 2015, the Fund issued 85 million Fund Units to Enbridge for gross proceeds of $3,000 million to partially finance the 2015 Transaction. The Fund utilized the proceeds of $3,000 million from the equity issued to Enbridge to invest in 85 million common units of ECT.

In November 2015, the Fund issued 27 million Fund Units to ENF at a price of $32.60 per unit for gross proceeds of $874 million. The Fund utilized the proceeds from the equity issued to invest in 27 million common units of ECT.

ENF shareholders are able to participate in an amended Dividend Reinvestment and Share Purchase Plan (DRIP). Effective for the payment of the ENF dividend declared in November 2015, registration in the DRIP enables ENF shareholders to reinvest their dividends in ENF Common Shares at a 2% discount to market price and to make additional optional cash payments to purchase ENF Common Shares, free of brokerage or other charges. The issuance of common shares from treasury for dividends reinvested pursuant to the DRIP enables ENF to retain cash which it in turn uses to purchase additional Fund Units. For the year ended December 31, 2015, ENF retained approximately $1 million of cash in respect of reinvested dividends, representing a 5.1% participation rate in the amended DRIP, and used the proceeds to purchase 25,918 Fund Units at a price of $26.83 per unit, equal to a 2% discount to market price, for gross proceeds of approximately $1 million.

It is expected that the proceeds from the Fund Unit issuances will ultimately be used to fund the secured capital growth projects associated with the Canadian liquids pipelines assets owned by EIPLP.

Distributions
During 2015, the Fund declared distributions on its outstanding Fund Units at a rate of $0.1574 per unit per month, representing aggregate distributions for the year of $213 million. During 2014, the Fund declared distributions on its outstanding Fund Units at a rate of $0.1353 per unit for each month from January through October and a rate of $0.1574 for each of November and December, representing aggregate distributions for the year of $114 million.

ANALYSIS OF CASH DISTRIBUTIONS DECLARED

	Year ended December 31,	
	2015	2014
(millions of Canadian dollars)		
Cash provided by operating activities[1]	**509**	323
Earnings[1]	**120**	150
Cash distributions declared	**323**	240
Excess of cash provided by operating activities over cash distributions declared	**186**	83
Shortfall of earnings over cash distributions declared	**(203)**	(90)

1 For the year ended December 31, 2015, Cash provided by operating activities and Earnings reflect the Accounting Impacts of the 2015 Transaction, as discussed in Overview. Cash provided by operating activities and Earnings for the year ended December 31, 2014 have been retrospectively adjusted by $53 million and $39 million, respectively, to furnish comparative information related to Alliance Pipeline US as prescribed by U.S. GAAP for common control transactions. These retrospective adjustments were not available to distribute by the Fund during those periods.

For the twelve months ended December 31, 2015, cash provided by operating activities exceeded cash distributions declared by $186 million (2014 – $83 million). Cash provided by operating activities includes the cash distributions received from the Fund's equity investments which may not be reflective of the income from the Fund's equity investments. Cash distributions received from the Fund's investments is the primary source of cash flow the Fund uses to pay distributions to its unitholders and service its long-term debt.

Earnings were $203 million lower than cash distributions for the year ended December 31, 2015 (2014 – $90 million). Earnings reflected non-cash items such as income from equity investments, amortization of deferred financing costs, depreciation, deferred income taxes and changes in unrealized derivative fair value, all of which do not impact cash flow.

Taxation of Distributions and Dividends
Under Canadian tax laws, a component of the Fund's cash distributions is taxable in the hands of the unitholder, with the remaining portion treated as a return of capital. In addition, a portion of the distribution can take the form of a non-taxable inter-corporate dividend.

Sustainability of Distributions and Productive Capacity
The current level of distributions may change based on the performance of the Fund's investments, the level of continued investment or the Fund's ability to raise capital. The ECT Board of Trustees periodically approves changes to distributions. Distributable cash flow is defined to generally mean cash from operating, investing and financing activities, less certain items, including repayment of any indebtedness required in the period and any cash withheld as a reserve as determined by the Manager.

The sustainability of the Fund's distributions is a function of several factors, including:

- The ability to economically obtain financing to fund growth
- The ability to comply with covenants in debt agreements
- The ability to repay or refinance debt as it comes due
- The performance of the businesses underpinning EIPLP's investments, including the demand for the services provided and the effective maintenance of the productive capacity the asset base.

To the extent that ENF does not fund any portion of the growth capital, Enbridge will be required until December 31, 2020 to provide the Fund Group with equity financing for such projects, unless the project is related to the Line 3 Replacement Program in which case Enbridge's obligation will be to fund the equity requirements for such project until it is placed into service.

QUARTERLY FINANCIAL INFORMATION[1]

2015	**Q4**	Q3	Q2	Q1	Total
(millions of Canadian dollars, except per unit amounts)					
Revenue	**-**	73	112	113	298
Income from equity investments[2]	**28**	1	47	39	115
Earnings	**2**	14	34	70	120
Cash distributions received in excess of/(less than) equity earnings	**100**	78	(9)	(8)	161
Cash distributions declared	**86**	79	79	79	323
Cash distributions declared per unit	**0.4723**	0.4723	0.4723	0.4723	1.8892

2014	Q4	Q3	Q2	Q1	Total
(millions of Canadian dollars, except per unit amounts)					
Revenue	102	99	107	108	416
Income from equity investments[2,3]	34	33	33	40	140
Earnings[3]	26	35	41	48	150
Cash distributions received in excess of/(less than) equity earnings	4	4	5	(2)	11
Cash distributions declared	72	56	56	56	240
Cash distributions declared per unit	0.4500	0.4058	0.4058	0.4058	1.6674

1 As a result of the Accounting Impacts of the 2015 Transaction, quarterly information presented for periods prior to the close of the 2015 Transaction on September 1, 2015, are presented on a consolidated basis and quarterly information presented for periods subsequent to the close of the 2015 Transaction are presented on an equity method basis. Further, cash distributions declared prior to September 1, 2015, include distributions on both the Fund Units and ECT Preferred Units. Subsequent to September 1, 2015, cash distributions declared include only distributions on the Fund Units.

2 Includes income from the Fund's investment in ECT subsequent to the close of the 2015 Transaction and income from the Fund's investment in Alliance Pipeline prior to the close of the 2015 Transaction recorded within Income from equity investment in ECT and Income from other equity investments on the Statement of Earnings.

3 Income from equity investments and Earnings for 2014 have been retrospectively adjusted to furnish comparative information related to the 2014 Transaction.

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

- In the fourth quarter of 2015, cash distributions received from the Fund's investment in ECT were in excess of the equity earnings received from the same investment reflecting the significant cash generating ability in the underlying asset base.
- In the third quarter of 2015, revenues and earnings for the period decreased as a result of the 2015 Transaction as a result of certain governance and ownership changes which resulted in differences in accounting treatment for the Fund's indirect investment in EIPLP and direct investment in ECT as discussed in the Overview.
- In the second quarter of 2015, the Fund realized a second full quarter of benefits from the 2014 Transaction. The disposition of certain Virden System assets also benefitted earnings during the quarter. However, these benefits were more than offset by the re-valuation of deferred income taxes given a higher enacted Alberta corporate tax rate, the de-recognition of regulatory balances and increased transaction costs related to the 2015 Transaction.
- In the first quarter of 2015, the Fund realized a full quarter of benefits from the 2014 Transaction. Earnings also included the benefit of favourable foreign exchange on the translation of a United States dollar denominated intercompany loan partially offset by unrealized derivative fair value losses.
- In the fourth quarter of 2014, the Fund issued 14 million Fund Units and ECT issued 15 million ECT Preferred Units to partially finance the 2014 Transaction. As a result, the Fund had higher earnings and increased its monthly distribution per unit to $0.1574 commencing with the November 2014 distribution.
- In the third quarter of 2014, the Fund incurred $5 million of advisory fees and recorded an after-tax unrealized gain of $9 million on foreign exchange in connection with the 2014 Transaction.
- First quarter 2014 earnings reflected $4 million of income from the Fund's equity investment in Sable NGL Services L.P. (Sable). Sable, which held capacity on the Alliance Pipeline, benefited from wide Alberta/Chicago natural gas price differentials experienced in the quarter as a result of abnormal winter weather conditions.
- Revenues and earnings generated by the Fund Group's renewable and alternative power generation assets are subject to seasonal variations. This is driven by stronger wind resources in the first and fourth quarters and stronger solar resources in the second and third quarters. Although these trends are offsetting, revenues and earnings are generally expected to be lowest in the third quarter, attributable to seasonally weaker wind resources.

RELATED PARTY TRANSACTIONS

Unless otherwise noted, all related party transactions have been measured at the exchange amount of consideration established and agreed to by the related parties. The 2015 Transaction and the 2014 Transaction were accounted for as transactions among entities under common control.

As a result of the 2015 Transaction, the majority of the Fund's affiliate balances are with ECT. Previously, ECT affiliate balances were eliminated on consolidation.

Demand notes receivable from Enbridge Commercial Trust

December 31,	**2015**[1]
(millions of Canadian dollars)	
Non-interest bearing payable on demand from ECT	**303**
Floating interest rate payable on demand from ECT	**148**
	451

1 Reflects the deconsolidation of ECT and EIPLP.

For the year ended December 31, 2015, Other income – affiliate included $1 million of interest income related to the floating interest rate note payable from ECT. Both the non-interest bearing note receivable and the floating interest rate note receivable are due on demand.

Accounts receivable from affiliates

December 31,	2015[1]	2014
(millions of Canadian dollars)		
Distributions receivable from ECT	**44**	-
Accounts receivable from ECT	**13**	-
Accounts receivable from EPI	**12**	-
Current portion of Southern Lights Class A units long-term receivable	**-**	23
Other accounts receivable from affiliates	**3**	5
	72	28

1 Reflects the deconsolidation of ECT and EIPLP.

The Fund's investment in ECT at December 31, 2015, reflects $168 million of distributions and $3,874 million of contributions for the year ended December 31, 2015.

For the year ended December 31, 2015, Other income – affiliate included $51 million (2014 – $6 million; 2013 – nil) of interest income related to the Southern Lights Class A units long-term receivable which were subscribed for and purchased as part of the 2014 Transaction.

Long-term notes receivable from Enbridge Commercial Trust

December 31,	2015[1]
(millions of Canadian dollars)	
5.69% due June 22, 2017 from ECT	**96**
7.00% due November 12, 2020 from ECT	**100**
	196

1 Reflects the deconsolidation of ECT and EIPLP.

The Fund recorded $4 million within Other income – affiliate for the year ended December 31, 2015 in relation to the long-term notes receivable from ECT.

Distributions payable

As at December 31, 2015, Distributions payable to affiliates included Fund Unit distributions payable to ENF of $15 million (December 31, 2014 – $11 million) and to Enbridge of $15 million (December 31, 2014 – $1 million). As at December 31, 2014, distributions payable to affiliates also included ECT Preferred Unit distributions payable to Enbridge of $14 million.

Due to affiliates

December 31,	2014[1]
(millions of Canadian dollars)	
4.25% demand loan due to ENF	31
Incentive fee payable to Enbridge	23
Management fees payable to Enbridge	7
	61

1 Reflects the deconsolidation of ECT and EIPLP.

During 2014, ENF advanced $6 million, net of repayments, (2013 – $18 million) to EIPLP, a subsidiary of the Fund at that time. For the year ended December 31, 2014, Interest expense included $1 million (2013 – $1 million) related to the subordinated demand loan with ENF.

Under the management and administrative agreements with EMSI, an incentive fee is payable annually from ECT to EMSI based on cash distributions above a base distribution level. For the year ended December 31, 2015 incentive fees of $23 million (2014 – $23 million; 2013 – $20 million) were recorded within Operating and administrative expenses – affiliate on the Statements of Earnings.

The Fund does not have any employees and uses the services of Enbridge for managing and operating the businesses. For the year ended December 31, 2015, services of $34 million (2014 – $48 million; 2013 – $41 million) were recorded within Operating and administrative expenses – affiliate on the Statements of Earnings. These services were charged at cost in accordance with the service agreements.

Long-term receivable from other affiliates
At December 31, 2014, Long-term receivable from other affiliates included the carrying value of Class A Units of Enbridge SL Holdings L.P. and Southern Lights Holdings, L.L.C., which were subscribed for and purchased as part of the 2014 Transaction.

Other affiliate transactions
On September 1, 2015, the Fund entered into interest rate derivative instrument agreements with Enbridge to limit the Fund Group's exposure to interest rate fluctuations in addition to its pre-existing external agreements. The Fund also had existing foreign exchange derivative instrument agreements with external counterparties and offsetting foreign exchange derivative instrument agreements with a wholly-owned subsidiary of EIPLP. The net affiliate derivative instrument balance was $2 million (2014 – $46 million liability).

During 2015, the Fund paid $28 million (2014 – $14 million; 2013 – $4 million) for share issue costs incurred in connection with the public offering of 21 million ENF Common Shares (2014 – 11 million subscription receipts of ENF ; 2013 – 4 million ENF Common Shares) pursuant to payment assistant agreements.

In November 2014, the Fund received an $878 million loan from Enbridge, a related party by virtue of its ownership of ECT Preferred Units and Fund Units, to partially finance the purchase of Southern Lights Class A Units and Alliance Pipeline US. The loan had a 10-year maturity and accrued interest at the rate of 5.5% per annum with interest payable semi-annually in June and December of each year. The loan was repayable at any time in whole or in part, and was unsecured and subordinate to all external debt issued by the Fund. In November 2014, the Fund repaid the loan in full. Interest expense on this loan of $2 million was incurred by the Fund for the year ended December 31, 2014, and had been paid in full as at December 31, 2014.

On November 7, 2014, the Fund subscribed for and purchased Class A Units of a U.S.-based indirect wholly-owned subsidiary of Enbridge. The subscription price for the Class A Units was at a fixed exchange rate of Canadian dollars to the US dollar price. Given exchange rates on the date of closing, the Fund recorded a realized foreign exchange gain of $22 million in the fourth quarter 2014.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Maintaining a reliable and low risk business model is central to the Fund Group's objective of paying out a predictable cash flow to unitholders. The Fund Group actively manages both financial and non-financial risks it is exposed to. The Fund Group performs an annual corporate risk assessment to identify all potential risks. Risks are ranked based on severity and likelihood both before and after mitigating actions. In addition, the Fund Group has adopted a Cash Flow at Risk (CFAR) policy to manage exposure to movements in interest rates, foreign exchange rates and commodity prices. CFAR is a statistically derived measurement that quantifies the maximum adverse impact on cash flows over a specified period of time within a pre-defined level of statistical confidence. The Fund Group's CFAR limit has been set at 2.5% of forward annual available cash flows from operations of the Fund Group.

MARKET PRICE RISK

The Fund Group's earnings, cash flows and other comprehensive income (OCI) are subject to movements in interest rates, foreign exchange rates and commodity prices (collectively, market risk). Formal risk management policies, processes and systems have been designed to mitigate these risks.

The following summarizes the types of market risks to which the Fund is exposed and the risk management instruments used to mitigate them.

Interest Rate Risk

The Fund's earnings, cash flows and OCI are exposed to short term interest rate variability due to the regular repricing of its variable rate debt, primarily credit facilities. Floating to fixed interest rate swaps are used to hedge against the effect of future interest rate movements. The Fund has implemented a program to significantly mitigate the volatility of short-term interest rates on interest expense with the execution of floating to fixed rate interest rate swaps through 2018 at an average swap rate of 2.2%.

The Fund's earnings, cash flows and OCI are also exposed to variability in longer term interest rates ahead of anticipated fixed rate debt issuances. Forward starting interest rate swaps may be used to hedge against the effect of future interest rate movements. The Fund has implemented a program to significantly mitigate its exposure to long-term interest rate variability on select forecast term debt issuances with the execution of floating to fixed interest rate swaps through 2018 at an average swap rate of 2.8%.

The Fund uses qualifying derivative instruments to manage interest rate risk.

Foreign Exchange Risk

The Fund Group incurs expenses, and holds investments and subsidiaries that are denominated in currencies other than Canadian dollars. As a result, the Fund's earnings, cash flows and OCI are exposed to fluctuations resulting from foreign exchange rate variability.

The Fund Group has implemented a policy whereby, at a minimum, it hedges a level of foreign currency denominated cash flow exposures over a three year forecast horizon. A combination of qualifying and non-qualifying derivative instruments may be used to hedge anticipated foreign currency denominated revenues and expenses, and to manage variability in cash flows.

Commodity Price Risk

The Fund Group's earnings, cash flows and OCI are exposed to changes in commodity prices as a result of EIPLP's ownership interest in certain assets and investments. These commodities primarily consist of crude oil and power. The Fund Group employs financial derivative instruments to fix a portion of the variable price exposures that arise from physical transactions involving these commodities. A combination of qualifying and non-qualifying derivative instruments may be used to manage commodity price risk.

Effect of Derivative Instruments on the Statements of Earnings and Comprehensive Income
The following table presents the effect of cash flow hedges on the Fund's earnings and comprehensive income.

Year ended December 31,	**2015**	2014[1]	2013[1]
(millions of Canadian dollars)			
Amount of unrealized gain/(loss) recognized in OCI			
Interest rate contracts	**(43)**	(29)	-
Foreign exchange contracts	**2**	1	1
Commodity contracts	**1**	3	(1)
Total unrealized loss recognized in OCI	**(40)**	(25)	-
Amount of gain/(loss) reclassified from accumulated other comprehensive income (AOCI) to earnings *(effective portion)*			
Interest rate contracts[2]	**5**	4	5
Commodity contracts[4]	**(1)**	(1)	1
Total gain reclassified from AOCI to earnings *(effective portion)*	**4**	3	6
Amount of loss reclassified due to change to equity accounting			
Foreign exchange contracts	**(3)**	-	-
Commodity contracts	**(2)**	-	-
Total loss reclassified due to change to equity accounting	**(5)**	-	-
Amount of loss reclassified from AOCI to earnings *(ineffective portion and amount excluded from effectiveness testing)*			
Interest rate contracts[2]	**(4)**	-	-
Amount of loss from non-qualifying derivative instruments included in earnings			
Foreign exchange contracts[3]	**(77)**	(25)	-

1 See Overview *section.*
2 Reported within Interest Expense in the Statements of Earnings.
3 Reported within Other income/ (expense) in the Statements of Earnings.
4 Reported within Electricity sales revenue in the Statements of Earnings.

LIQUIDITY RISK
Liquidity risk is the risk that the Fund will not be able to meet its financial obligations, including commitments, as they become due. In order to manage this risk, the Fund forecasts the cash requirements over the near and long term to determine whether sufficient funds will be available when required. The Fund's primary sources of liquidity and capital resources are funds generated from its indirect investment in EIPLP, draws under committed credit facilities, the issuance of MTNs and the issuance of Fund Units. The Fund maintains a current MTN shelf prospectus with Canadian securities regulators, which enables, subject to market conditions, ready access to Canadian public capital markets. Additional liquidity, if necessary, is expected to be available through intercompany transactions with Enbridge or other related entities.

CREDIT RISK
Entering into derivative financial instruments may result in exposure to credit risk. Credit risk arises from the possibility that a counterparty will default on its contractual obligations. The Fund enters into risk management transactions only with institutions that possess investment grade credit ratings. Credit risk relating to derivative counterparties is mitigated by utilization of credit exposure limits, contractual requirements and frequent assessment of counterparty credit worthiness.

FAIR VALUE MEASUREMENTS
The Fund uses the most observable inputs available to estimate the fair value of its financial instruments. When possible, the Fund estimates the fair value of its financial instruments based on quoted market prices. If quoted market prices are not available, the Fund uses estimates from third party brokers. For non-exchange traded derivatives, the Fund uses standard valuation techniques to calculate the estimated fair value. These methods include discounted cash flows for forwards and swaps. Depending on the type of financial instrument, the Fund uses observable market prices and volatility as primary inputs to these valuation techniques. Finally, the Fund considers its own credit default swap spread as well as the credit default swap spreads associated with its counterparties in its estimation of fair value.

GENERAL BUSINESS RISKS
Readers are referred to EIPLP's risk factor disclosure under the heading "*General Business Risks*" and "*Risk Management and Financial Instruments*" in EIPLP's MD&A.

The following are certain risk factors relating to the activities of the Fund.

Future Distributions
Distributions declared on the Fund Units are wholly-dependent on the declaration of distributions by ECT. ECT's distribution declarations are wholly-dependent on the declaration of distributions by EIPLP. Future distribution payments by the Fund and the level thereof are uncertain at the Fund's distributions practices and the funds available for the payment of distributions from time to time will be dependent upon, among other things, operating cash flow generated by EIPLP and its respective operations and investments, financial requirements for the Fund and its investments' operations and the Fund Group's ability to execute its growth strategy.

Availability of Financing
If the Fund pays out a high proportion of the distributions received from ECT to unitholders by way of distributions, it may have to enter into financings or other transactions involving the issuance of securities by the Fund in order to obtain funds for business purposes. An inability to raise new debt and equity capital may limit the Fund Group's ability to grow and execute its business plan. The issuance of equity securities may also be dilutive to unitholders. To the extent that ENF does not fund any portion of the growth capital, Enbridge will be required until December 31, 2020 to provide the Fund Group with equity financing for such projects, unless the project is related to the Line 3 Replacement Program in which case Enbridge's obligation will be to fund the equity requirements for such project until it is placed into service.

CRITICAL ACCOUNTING ESTIMATES

At December 31, 2015, the Fund's Statement of Financial Position did not include any critical accounting estimates. The following critical accounting estimates relate to balances in existence at December 31, 2014 only which were deconsolidated as a result of the 2015 Transaction.

Regulation
Both Alliance Pipeline and the pipeline systems comprising the South Prairie Region are subject to regulation by various authorities, including the NEB, FERC, Saskatchewan Ministry of Economy and Manitoba Mineral Resources. Regulatory bodies exercise statutory authority over matters such as construction, rates and ratemaking and agreements with customers. To recognize the economic effects of the actions of the regulator, the timing of recognition of certain revenues and expenses in these operations may differ from that otherwise expected under U.S. GAAP for non-rate-regulated entities.

Regulatory assets represent amounts that are expected to be recovered from customers in future periods through rates. Regulatory liabilities represent amounts that are expected to be refunded to customers in future periods through rates. Long-term regulatory assets are recorded in deferred amounts and other assets and current regulatory assets are recorded in accounts receivable and other. Long-term regulatory liabilities are recorded in other long-term liabilities and current regulatory liabilities are recorded in accounts payable and other. Regulatory assets are assessed for impairment if the Fund identifies an event indicative of possible impairment. The recognition of regulatory assets and liabilities is based on the actions or expected future actions of the regulator. To the extent that the regulator's actions differ from the Fund's expectations, the timing and amount of recovery or settlement of regulatory balances could differ significantly from those recorded. In the absence of rate regulation, the Fund would generally not recognize regulatory assets or liabilities and the earnings impact would be recorded in the period the expenses are incurred or revenues are earned. As at December 31, 2014, the Fund's net regulatory assets totalled $52 million.

Asset Retirement Obligations
Asset retirement obligations (ARO) associated with the retirement of long-lived assets are measured at fair value and recognized as other long-term liabilities in the period in which they can be reasonably determined. The fair value approximates the cost a third party would charge to perform the tasks necessary to retire such assets and is recognized at the present value of expected future cash flows. ARO are added to the carrying value of the associated asset and depreciated over the asset's useful life. The corresponding liability is accreted over time through charges to earnings and is reduced by actual costs of decommissioning and reclamation. The Fund Group's estimates of retirement costs could change as a result of changes in cost estimates and regulatory requirements.

Currently, for certain of the Fund Group's assets, there is insufficient data or information to reasonably determine the timing of settlement for estimating the fair value of the ARO. In these cases, the ARO cost is considered indeterminate for accounting purposes as there is no data or information that can be derived from past practice, industry practice or the estimated economic life of the asset.

CHANGES IN ACCOUNTING POLICIES

ADOPTION OF NEW STANDARDS
Extraordinary and Unusual Items
Effective January 1, 2015, the Fund retrospectively adopted Accounting Standards Update (ASU) 2015-01 which eliminates the concept of extraordinary items from U.S. GAAP. Entities will no longer be required to separately classify and present extraordinary items in the Statements of Earnings. There was no material impact to the financial statements as a result of adopting this update.

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity
Effective January 1, 2015, the Fund prospectively adopted ASU 2014-08 which changes the criteria and disclosures for reporting discontinued operations. The revised criteria will, in general, result in fewer transactions being categorized as discontinued operations. There was no material impact to the financial statements as a result of adopting this update.

FUTURE ACCOUNTING POLICY CHANGES
Recognition and Measurement of Financial Assets and Liabilities
ASU 2016-01 was issued in January 2016 with the intent to address certain aspects of recognition, measurement, presentation and disclosure of financial assets and liabilities. The amendments revise accounting related to the classification and measurement of investments in equity securities, the presentation of certain fair value changes for financial liabilities measured at fair value and the disclosure requirements associated with the fair value of financial instruments. The Fund is currently assessing the impact of the new standard on its financial statements. The accounting update is effective for fiscal years beginning after December 15, 2017 and is to be applied by means of a cumulative-effect adjustment to the Statement of Financial Position as of the beginning of the fiscal year of adoption, with amendments related to equity securities without readily determinable fair values to be applied prospectively.

Simplifying the Presentation of Debt Issuance Costs
ASU 2015-03 was issued in April 2015 with the intent to simplify the presentation of debt issuance costs. The new standard requires a debt issuance cost related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with the presentation of debt discounts or premiums. This accounting update is effective for financial statements issued for fiscal years beginning after December 15, 2015 on a retrospective basis. The adoption of the pronouncement is not anticipated to have a material impact on the Fund's financial statements.

Amendments to the Consolidation Analysis
ASU 2015-02, issued in February 2015, revises the current consolidation guidance which results in a change in the determination of whether an entity consolidates certain types of legal entities. The Fund is currently assessing the impact of the new standard on its financial statements. The new standard is effective for annual and interim reporting periods beginning after December 15, 2015 and may be applied on a full or modified retrospective basis.

Development Stage Entities
ASU 2014-10, issued in June 2014, amended the consolidation guidance to eliminate the development stage entity relief when applying the variable interest entity model and evaluating the sufficiency of equity at risk. The Fund is currently evaluating the impact of the amendment to the consolidation guidance, which is effective for annual reporting periods beginning after December 15, 2015. The new standard requires these amendments be applied retrospectively.

FUND OWNERSHIP

The following table presents the direct and indirect ownership of the Fund:

	At February 17, 2016
Enbridge Income Fund Holdings Inc. *(number ENF common shares outstanding)*	
Held by public	**77,942,053**
Held by Enbridge	**19,366,333**
	97,308,386
Enbridge Income Fund *(number of Fund Units outstanding)*	
Held by Enbridge	**94,150,000**
Held by Enbridge Income Fund Holdings Inc.	**97,308,386**
	191,458,386

The following table details Enbridge's direct ownership and indirect ownership through ENF of Fund Units, ECT Preferred Units, various classes of common units of EIPLP and ENF Common Shares as at February 17, 2016:

	Enbridge Ownership Interest			Enbridge Economic Interest		
Fund Ownership	Outstanding	Enbridge's Ownership	Enbridge Ownership %	Outstanding[1]	Enbridge's Ownership	Enbridge Ownership %
ENF Common Shares	97,308,386	19,366,333	19.9%	97,308,386	19,366,333	2.7%
Fund Units	191,458,386	94,150,000	49.2%	94,150,000	94,150,000	13.0%
ECT Common Units	280,314,837	-	-	-	-	-
ECT Preferred Units	87,665,750	87,665,750	100%	87,665,750	87,665,750	12.1%
EIPLP Units[2]	802,465,412	445,612,541	55.5%	445,612,541	445,612,541	61.5%
				724,736,677	646,794,624	89.2%

1 Excluding units owned among entities within the Fund Group.
2 Includes EIPLP Class A Units, EIPLP Class C Units and EIPLP Class D Units.

ENBRIDGE INCOME FUND

FINANCIAL STATEMENTS

December 31, 2015

MANAGEMENT'S REPORT

To the Unitholders of Enbridge Income Fund (The Fund)

Financial Reporting
The management of Enbridge Management Services Inc. (EMSI) is responsible for the accompanying financial statements and all related financial information contained in the annual report, including Management's Discussion and Analysis. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and necessarily include amounts that reflect management's judgment and best estimates.

The Board of Trustees (the Board) and its committees are responsible for all aspects related to governance of the Fund. The Audit, Finance & Risk Committee (the AF&RC), composed of trustees who are unrelated and independent, has a specific responsibility to oversee management's efforts to fulfill its responsibilities for financial reporting and internal controls related thereto. The AF&RC meets with management, internal auditors and independent auditors to review the financial statements and the internal controls as they relate to financial reporting. The AF&RC reports its findings to the Board for its consideration in approving the financial statements for issuance to the unitholders. The internal auditors and independent auditors have unrestricted access to the AF&RC.

Internal Control over Financial Reporting
Management is also responsible for establishing and maintaining adequate internal control over financial reporting. The Fund's internal control over financial reporting includes policies and procedures to facilitate the preparation of relevant, reliable and timely information, to prepare financial statements for external reporting purposes in accordance with U.S. GAAP and provide reasonable assurance that assets are safeguarded.

PricewaterhouseCoopers LLP, independent auditors appointed by the unitholders of the Fund, have conducted an audit of the financial statements of the Fund in accordance with Canadian generally accepted auditing standards and have issued an unqualified audit report, which is accompanying the financial statements.

"signed"

Perry F. Schuldhaus
President, Enbridge Income Fund
Enbridge Management Services Inc.

"signed"

Wanda M. Opheim
Chief Financial Officer, Enbridge Income Fund
Enbridge Management Services Inc.

February 19, 2016

February 19, 2016

Independent Auditor's Report

To the Unitholders of
Enbridge Income Fund

We have audited the accompanying financial statements of Enbridge Income Fund, which comprise the statements of financial position as at December 31, 2015 and December 31, 2014 and the statements of earnings, comprehensive income, changes in unitholders' equity and cash flows for each of the years in the three-year period ended December 31, 2015, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in the United States of America, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Enbridge Income Fund as at December 31, 2015 and December 31, 2014 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP
Chartered Professional Accountants

STATEMENTS OF EARNINGS

Year ended December 31,	**2015**[1]	2014[2]	2013[2]
(millions of Canadian dollars)			
Revenues			
Transportation and other services	**170**	231	215
Electricity sales	**128**	185	188
	298	416	403
Expenses			
Operating and administrative	**61**	77	74
Operating and administrative – affiliate *(Note 5)*	**57**	71	61
Depreciation and amortization	**94**	135	130
	212	283	265
	86	133	138
Income from equity investment in Enbridge Commercial Trust *(Note 7)*	**7**	-	-
Income from other equity investments *(Note 10)*	**108**	140	118
Other income/(expense) *(Note 18)*	**43**	12	(16)
Other income – affiliate *(Note 5)*	**56**	6	-
Interest expense *(Note 14)*	**(108)**	(78)	(74)
	192	213	166
Income taxes *(Note 20)*	**(72)**	(63)	(49)
Earnings attributable to unitholders	**120**	150	117

The accompanying notes are an integral part of these financial statements.

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).
2 Retrospectively adjusted to furnish comparative information related to the 2014 Transaction (Note 2).

STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31,	**2015[1]**	2014[2]	2013[2]
(millions of Canadian dollars)			
Earnings	**120**	150	117
Other comprehensive income/(loss), net of tax			
Change in unrealized loss on cash flow hedges	**(41)**	(26)	-
Other comprehensive loss from equity investee	**(34)**	-	-
Reclassification to earnings of realized cash flow hedges	**4**	3	6
Reclassification to earnings of unrealized cash flow hedges	**4**	-	-
Change in foreign currency translation adjustment	**(9)**	5	5
Other comprehensive income/(loss)	**(76)**	(18)	11
Comprehensive income attributable to unitholders	**44**	132	128

The accompanying notes are an integral part of these financial statements.

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).
2 Retrospectively adjusted to furnish comparative information related to the 2014 Transaction (Note 2).

STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

Year ended December 31,	**2015**[1]	2014[2]	2013[2]
(millions of Canadian dollars)			
Deficit			
Balance at beginning of year	**(5,752)**	(2,569)	(2,555)
Earnings attributable to unitholders	**120**	150	117
Enbridge Commercial Trust preferred unit distributions	**(110)**	(126)	(116)
Distributions to trust unitholders	**(213)**	(114)	(106)
Redemption value adjustment attributable to Enbridge Commercial Trust preferred units *(Note 16)*	**661**	(1,351)	67
Reversal of cumulative redemption value adjustment attributable to Enbridge Commercial Trust preferred units *(Note 7)*	**1,260**	-	-
Redemption value adjustment attributable to trust units *(Note 17)*	**1,768**	(1,244)	57
Equity investment dilution loss, net *(Note 7)*	**(316)**	-	-
The 2015 Transaction Adjustments:			
Deconsolidation of September 1, 2015 opening retained earnings	**4,718**	-	-
Enbridge Income Partners LP equity of former owners of acquired	**(7,259)**	-	-
Equity investment other comprehensive income *(Note 7)*	**(32)**	-	-
Other *(Note 7)*	**(16)**	-	-
Excess purchase price over historical carrying value acquired	**-**	(392)	5
Equity of former owners of acquired interest *(Note 2)*	**-**	(106)	(38)
Balance at end of year	**(5,171)**	(5,752)	(2,569)
Accumulated other comprehensive loss			
Balance at beginning of year	**(32)**	(14)	(25)
Other comprehensive income/(loss), net of tax	**(76)**	(18)	11
Balance at end of year	**(108)**	(32)	(14)
Total unitholders' deficit	**(5,279)**	(5,784)	(2,583)

The accompanying notes are an integral part of these financial statements.

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).
2 Retrospectively adjusted to furnish comparative information related to the 2014 Transaction (Note 2).

STATEMENTS OF CASH FLOWS

Year ended December 31,	**2015**[1]	2014[2]	2013[2]
(millions of Canadian dollars)			
Operating activities			
Earnings	**120**	150	117
Depreciation and amortization	**94**	135	130
Cash distributions in excess of equity earnings	**161**	11	14
Deferred income taxes *(Note 20)*	**54**	36	25
Changes in unrealized derivative instrument fair value, net *(Note 8)*	**77**	25	-
Unrealized gain on foreign intercompany loan *(Note 18)*	**(99)**	(16)	
Regulatory asset write-off*(Note 18)*	**-**	-	16
Gain on disposition of certain assets held by EIPLP *(Note 18)*	**(22)**	-	-
Other	**8**	8	11
Changes in operating assets and liabilities *(Note 19)*	**116**	(26)	(7)
	509	323	306
Investing activities			
Additions to property, plant and equipment	**(34)**	(40)	(76)
Contributions to equity investees	**(5)**	(6)	(21)
Acquisition of long-term investment *(Note 7)*	**(3,874)**	-	-
Additions to intangible assets	**-**	(1)	(1)
Proceeds from disposition	**26**	-	-
Long-term receivable from affiliates *(Note 5)*	**10**	(925)	-
Cash divested on deconsolidation *(Note 2)*	**(118)**	-	-
Purchase of equity investment *(Note 2)*	**-**	(835)	-
Acquisition and other	**-**	1	5
	(3,995)	(1,806)	(93)
Financing activities			
Net change in bank indebtedness	**59**	4	(160)
Net change in credit facility draws	**(140)**	100	(211)
Issuance of medium term notes, net	**-**	1,075	-
Repayment of medium term notes	**-**	(290)	-
Loans received from affiliates *(Note 5)*	**10**	891	32
Repayment of affiliate loans *(Note 5)*	**-**	(885)	(15)
Enbridge Commercial Trust preferred units issued *(Note 16)*	**-**	461	131
Trust units issued, net *(Note 17)*	**3,847**	407	115
Enbridge Commercial Trust preferred unit distributions declared	**(110)**	(126)	(116)
Trust unit distributions declared	**(213)**	(114)	(106)
Change in distributions payable	**4**	7	2
Contributions received and shares issued by acquired interest *(Note 2)*	**-**	26	16
Distributions and dividends paid by acquired interest *(Note 2)*	**-**	(73)	(62)
	3,457	1,483	(374)
Decrease in cash and cash equivalents	**(29)**	-	(161)
Cash and cash equivalents at beginning of year	**29**	29	190
Cash and cash equivalents at end of year	**-**	29	29
Supplementary cash flow information			
Income taxes paid	**10**	28	17
Interest paid	**98**	69	64

The accompanying notes are an integral part of these financial statements.

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).
2 Retrospectively adjusted to furnish comparative information related to the 2014 Transaction (Note 2).

STATEMENTS OF FINANCIAL POSITION

December 31,	**2015[1]**	2014
(millions of Canadian dollars)		
Assets		
Current assets		
Cash and cash equivalents	**-**	29
Demand notes receivable from Enbridge Commercial Trust *(Note 5)*	**451**	-
Accounts receivable and other, net *(Note 6)*	**-**	57
Accounts receivable from affiliates *(Note 5)*	**72**	28
Current portion of derivative assets – affiliates *(Note 8)*	**22**	1
	545	115
Property, plant and equipment, net *(Note 9)*	**-**	2,226
Long-term notes receivable from Enbridge Commercial Trust *(Note 5)*	**196**	-
Long-term receivable from other affiliates *(Note 5)*	**-**	945
Long-term investment *(Note 7)*	**1,781**	-
Other long-term investments *(Note 10)*	**-**	434
Long-term portion of derivative assets *(Note 8)*	**105**	2
Deferred amounts and other assets *(Note 11)*	**8**	61
Intangible assets *(Note 12)*	**-**	26
Goodwill	**-**	29
Deferred income taxes *(Note 20)*	**-**	243
	2,635	4,081
Liabilities and unitholders' equity		
Current liabilities		
Bank indebtedness	**-**	10
Interest payable	**20**	19
Short-term portion of derivative liabilities *(Note 8)*	**25**	5
Short-term portion of derivative liabilities – affiliate *(Note 8)*	**17**	-
Other Accounts payable *(Note 13)*	**1**	46
Due to affiliates *(Note 5)*	**-**	61
Distributions payable to affiliates *(Note 5)*	**30**	26
Current maturities of long-term debt *(Note 14)*	**330**	-
	423	167
Long-term debt *(Note 14)*	**2,074**	2,544
Long-term portion of derivative liabilities *(Note 8)*	**147**	47
Long-term portion of derivative liabilities - affiliate *(Note 8)*	**3**	-
Other long-term liabilities *(Note 15)*	**1**	24
Deferred income taxes *(Note 20)*	**-**	397
	2,648	3,179
Enbridge Commercial Trust preferred units *(Note 16)*	**-**	3,499
Trust units *(Note 17)*	**5,266**	3,187
	5,266	6,686
Unitholders' deficit		
Deficit	**(5,171)**	(5,752)
Accumulated other comprehensive loss	**(108)**	(32)
	(5,279)	(5,784)
	2,635	4,081

The accompanying notes are an integral part of these financial statements.

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL BUSINESS DESCRIPTION

Enbridge Income Fund (the Fund) is an unincorporated open-ended trust established by a trust indenture under the laws of the Province of Alberta. The Fund commenced operations on June 30, 2003. Enbridge Management Services Inc. (EMSI), a wholly-owned subsidiary of Enbridge Inc. (Enbridge), manages the Fund. EMSI also serves as the manager of Enbridge Commercial Trust (ECT), a wholly-owned investment of the Fund, Enbridge Income Partners LP (EIPLP), an indirect investment of the Fund and Enbridge Income Fund Holdings Inc. (ENF), a unitholder of the Fund. EIPLP is a partnership between ECT and Enbridge. The Fund, ECT, EIPLP and the subsidiaries of EIPLP are referred to as the Fund Group.

The Fund, through its indirect investment in EIPLP, is involved in the transportation, storage and generation of energy. EIPLP owns its interests in liquids transportation and storage assets, including the Canadian Mainline, a 50% interest in the Canadian and United States segments of the Alliance Pipeline, which transports natural gas, and renewable and alternative power generation assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND USE OF ESTIMATES
The financial statements of the Fund have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). Amounts are stated in Canadian dollars unless otherwise noted.

The Fund is permitted to use U.S. GAAP as its primary basis of accounting for purposes of meeting its continuous disclosure obligations under an exemption granted by securities regulators in Canada.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities in the financial statements. Significant estimates and assumptions used in preparation of the financial statements for the year ended and as at December 31, 2015 include, but are not limited to: depreciation rates *(Note 9)*; amortization rates of intangible assets *(Note 12)*; fair values of financial instruments *(Note 8)* and income taxes *(Note 20)*. Significant estimates and assumptions used in the preparation of the financial statements for the years ended December 31, 2014 and 2013 and as at December 31, 2014 include, but are not limited to: carrying values of regulatory assets and liabilities; unbilled revenues *(Note 6)*; depreciation rates and carrying value of property, plant and equipment *(Note 9)*; measurement of and amortization rates of intangible assets *(Note 12)*; measurement of goodwill; fair values of financial instruments *(Note 8)*; income taxes *(Note 20)*; commitments and contingencies; and fair value of asset retirement obligations. Actual results could differ from these estimates.

The 2015 Transaction
On September 1, 2015, EIPLP acquired 100% interests in the following entities (collectively, the Purchased Entities) from Enbridge and certain subsidiaries for $30.4 billion plus incentive distribution and performance rights, less working capital adjustments (the 2015 Transaction):

- Enbridge Pipelines Inc. (EPI)
- Enbridge Pipelines (Athabasca) Inc.
- Enbridge Hardisty Storage Inc.
- Enbridge Southern Lights GP Inc.
- Enbridge Lac Alfred Wind Project GP Inc.
- Enbridge Massif du Sud Wind Project GP Inc.
- Enbridge Blackspring Ridge I Wind Project GP Inc.
- Enbridge Saint Robert Bellarmin Wind Project GP Inc.

The 2015 Transaction resulted in changes to the Fund's method of accounting for its investments in ECT and EIPLP from consolidation accounting to the equity method of accounting. These changes were applied prospectively from September 1, 2015, the closing date of the 2015 Transaction. The results of operations prior to September 1, 2015 were accounted for on a consolidated basis.

The significant factors which resulted in the change to the equity method of accounting for each investment upon closing of the 2015 Transaction were:

- Enbridge received a contractual right to control the majority of the Board of Trustees of ECT. As a result, the Fund ceased to consolidate ECT as it was no longer the primary beneficiary of ECT nor did it control ECT.
- As part of the consideration for the 2015 Transaction, EIPLP issued class C units to Enbridge reducing ECT's ownership percentage in EIPLP from 100% to 42.8%. Further, Enbridge acquired a 51% direct interest in the general partner of EIPLP which has the right to manage, control and operate the businesses of EIPLP. As a result, ECT no longer controls EIPLP.

The 2014 Transaction

On November 7, 2014, the Fund completed a transaction whereby indirect wholly-owned subsidiaries of the Fund acquired from Enbridge a 50% equity interest in the United States portion of the Alliance Pipeline (Alliance Pipeline US) and subscribed for and purchased class A Units of Enbridge subsidiaries which provide a defined cash flow stream from the Southern Lights Pipeline (Southern Lights Class A Units) for $1.8 billion (the 2014 Transaction). At the time of the 2014 Transaction, the Fund previously owned a 50% investment in the Canadian portion of Alliance Pipeline (Alliance Pipeline Canada).

The Alliance Pipeline US component of the 2014 Transaction was accounted for as a transaction among entities under common control, similar to a pooling of interests, whereby the assets and liabilities acquired were recorded at Enbridge's historic carrying values. Financial information for periods prior to November 7, 2014 has been retrospectively adjusted to present the result of operations for the Fund and its interests in Alliance Pipeline US on a combined basis. The Southern Lights Class A Unit component of the 2014 Transaction was accounted for as a loan investment and did not require retrospective restatement. Subsequent to the close of the 2015 Transaction and deconsolidation, these investments are accounted for by the Fund within the indirect equity investment in EIPLP.

The incremental effect of retrospectively adjusting the Fund's financial statements to include the results of operations of Alliance Pipeline US for the periods prior to the 2014 Transaction is as follows:

Year ended December 31,	2014	2013
(millions of Canadian dollars)		
Earnings		
Income from equity investments	64	62
Income taxes	(25)	(25)
Earnings	39	37

Year ended December 31,	2014	2013
(millions of Canadian dollars)		
Cash provided by operating activities	47	46
Cash used in financing activities	(47)	(46)
	-	-

CONTINUING ACCOUNTING POLICIES

The following accounting policies are primarily applicable for transactions and balances as at and for the year ended December 31, 2015.

Revenue Recognition

For businesses that are not rate-regulated, revenues were recorded when products were delivered or services were performed, the amount of revenue was reliably measured and collectability was reasonably assured. Customer credit worthiness was assessed prior to agreement signing as well as throughout the contract duration. Certain pipelines revenues were recognized under the terms of committed delivery contracts rather than the cash tolls received.

Long-term take-or-pay contracts, under which shippers are obligated to pay fixed amounts rateably over the contract period regardless of volumes shipped, may contain make-up rights. Make-up rights are earned by shippers when minimum volume commitments are not utilized during the period but under certain circumstances can be used to offset overages in future periods, subject to expiry periods. The Fund recognized revenues associated with make-up rights at the earlier of when the make-up volume was shipped, the make-up right expired or when it was determined that the likelihood that the shipper will utilize the make-up right was remote.

For rate-regulated businesses, revenues were recognized in a manner that was consistent with the underlying agreements as approved by the regulators.

Cash and Cash equivalents

Cash and cash equivalents include short-term investments with a term to maturity of three months or less when purchased.

Derivative Instruments and Hedging

Non-qualifying Derivatives

The Fund, through its indirect investment in EIPLP, has non-qualifying derivative instruments. Non-qualifying derivative instruments are used primarily to economically hedge foreign exchange and commodity price earnings exposure. Non-qualifying derivatives are measured at fair value with changes in fair value recognized in earnings, within Electricity sales revenue and Other income/(expense).

Derivatives in Qualifying Hedging Relationships

The Fund, and its indirect investee EIPLP, uses derivative financial instruments to manage its exposure to changes in interest rates and commodity prices. Hedge accounting is optional and requires the Fund to document the hedging relationship and test the hedging item's effectiveness in offsetting changes in fair values or cash flows of the underlying hedged item on an ongoing basis. The Fund presents the earnings effects of hedging items with the hedged transaction. Derivatives in qualifying hedging relationships are categorized as cash flow hedges or fair value hedges.

Cash Flow Hedges

The Fund uses cash flow hedges to manage exposure to changes in interest rates, commodity prices and foreign exchange rates. The effective portion of the change in the fair value of a cash flow hedging instrument is recorded in Other comprehensive income/(loss) (OCI) and is reclassified to earnings when the hedged item impacts earnings. Any hedge ineffectiveness is recorded in current period earnings.

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

Classification of Derivatives
The Fund recognizes the fair market value of derivative instruments on the Statements of Financial Position as current and non-current assets or liabilities depending on the timing of the settlements and the resulting cash flows associated with the instruments. Fair value amounts related to cash flows occurring beyond one year are classified as non-current.

Cash inflows and outflows related to derivative instruments are classified as operating activities on the Statements of Cash Flows.

Balance Sheet Offset
Assets and liabilities arising from derivative instruments may be offset in the Statements of Financial Position when the Fund has the legal right and intention to settle them on a net basis.

Transaction Costs
Transaction costs are incremental costs directly related to the acquisition of a financial asset or the issuance of a financial liability. The Fund incurs transaction costs primarily through the issuance of debt and classifies these costs as deferred amounts and other assets. Transaction costs directly related to business combinations are expensed in the period incurred.

Equity Investments
Equity investments, over which the Fund exercises significant influence but does not have controlling financial interests, are accounted for using the equity method. Equity investments are initially measured at cost and are adjusted for the Fund's proportionate share of undistributed equity earnings or loss. Equity investments are increased for contributions made to and decreased for distributions received from the investees.

As a result of the 2015 Transaction, ECT determines its equity investment earnings from EIPLP using the Hypothetical Liquidation at Book Value (HLBV) method. ECT applies the HLBV method to its equity method investments where cash distributions, including both preference and residual distributions, are not based on the investor's ownership percentages. Under the HLBV method, a calculation is prepared at each balance sheet date to determine the amount that ECT would receive if EIPLP were to liquidate all of its assets, as valued in accordance with U.S. GAAP, and distribute that cash to the investors. The difference between the calculated liquidation distribution amounts at the beginning and the end of the reporting period, after adjusting for capital contributions and distributions, is ECT's share of the earnings or losses from the equity investment for the period. See the Long-term investment note *(Note 7)* for more information.

Impairment
With respect to equity investments, the Fund assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired by completing a quantitative or qualitative analysis of factors impacting the investment. If there is determined to be objective evidence of impairment, the Fund internally values the expected discounted cash flows using observable market inputs and determines whether the decline below carrying value is other than temporary. If the decline is determined to be other than temporary, an impairment charge is recorded in earnings with an offsetting reduction to the carrying value of the asset.

With respect to financial assets, other than equity investments, the Fund assesses the assets for impairment when it no longer has reasonable assurance of timely collection. If evidence of impairment is noted, the Fund reduces the value of the financial asset to its estimated realizable amount, determined using discounted expected future cash flows.

Loans and Receivables
Long-term notes receivable from affiliate are measured at amortized cost using the effective interest rate method, net of any impairment losses recognized. Accounts receivable and other are measured at cost. Interest income is recognized in earnings as it is earned with the passage of time.

Deferred Amounts and Other Assets
Deferred amounts and other assets primarily include: derivative financial instruments and deferred financing costs. Deferred financing costs are amortized using the effective interest method over the term of the related debt and are recorded in Interest expense.

Redeemable Securities – Trust Units
Ordinary trust units issued by the Fund (Fund Units) are classified as temporary equity and reflected within the mezzanine section of the Statements of Financial Position between long-term liabilities and Unitholders' deficit. Fund Units are recorded at their maximum redemption value with changes in estimated redemption value reflected as a charge or credit to deficit.

Principles of Consolidation
Upon inception of a contractual agreement, the Fund performs an assessment to determine whether the arrangement contains a variable interest in a legal entity and whether that legal entity is a variable interest entity (VIE). Where the Fund concludes it is the primary beneficiary of a VIE, the Fund consolidates the accounts of that entity and all significant intercompany accounts and transactions are eliminated upon consolidation.

Commitments and Contingencies
Liabilities for commitments and contingencies are recognized when, after fully analysing available information, the Fund determines it is either probable that an asset has been impaired, or that a liability has been incurred, and the amount of impairment or loss can be reasonably estimated. When a range of probable loss can be estimated, the Fund recognizes the most likely amount, or if no amount is more likely than another, the minimum of the range of probable loss is accrued. The Fund expenses legal costs associated with loss contingencies as such costs are incurred. At December 31, 2015, the Fund did not have any significant commitments or known contingencies.

COMPARATIVE PERIOD ACCOUNTING POLICIES
The following accounting policies are primarily applicable for transactions and balances as at and for the year ended December 31, 2014 and 2013.

Regulation
Prior to the closing of the 2015 Transaction on September 1, 2015, the financial statement effect of rate regulation was recorded directly in the Fund and subsequent to September 1, 2015, the financial statement effect of rate regulation is recorded within the Fund's equity accounting for its indirect investment in EIPLP.

Certain of the Fund Group's businesses are subject to regulation by various authorities including, but not limited to the National Energy Board (NEB), Federal Energy Regulatory Commission (FERC), Saskatchewan Ministry of Economy (SME) and Manitoba Mineral Resources. Regulatory bodies exercise statutory authority over matters such as construction, rates and ratemaking and agreements with customers. To recognize the economic effects of the actions of the regulator, the timing of recognition of certain revenues and expenses in these operations may differ from that otherwise expected under U.S. GAAP for non rate-regulated entities.

Regulatory assets represent amounts that are expected to be recovered from customers in future periods through rates. Regulatory liabilities represent amounts that are expected to be refunded to customers in future periods through rates or expected to be paid to cover future abandonment costs in relation to NEB's Land Matters Consultation Initiative (LMCI). Long-term regulatory assets were recorded in Deferred amounts and other assets and current regulatory assets were recorded in Accounts receivable and other. Long-term regulatory liabilities were included in Other long-term liabilities and current regulatory liabilities were recorded in Accounts payable and other. Regulatory assets were assessed for impairment if the Fund identified an event indicative of possible impairment. The recognition of regulatory assets and liabilities is based on the actions, or expected future actions of the regulator. To the extent that the regulator's actions differ from the Fund's expectations, the timing and amount of recovery or settlement of regulatory balances could have differed significantly from those recorded. In the absence of rate regulation, regulatory assets or liabilities would not generally be recognized and the earnings impact would be recorded in the period the expenses are incurred or revenues are earned. A regulatory asset or liability was recognized in respect of deferred income taxes when it was expected the amounts would be recovered or settled through future regulator-approved rates.

Allowance for funds used during construction (AFUDC) was included in the cost of property, plant and equipment and is depreciated over future periods as part of the total cost of the related asset. AFUDC included both an interest component and, if approved by the regulator, a cost of equity component which were both capitalized based on rates set out in a regulatory agreement. In the absence of rate regulation, the Fund would have capitalized interest using a capitalization rate based on its cost of borrowing, whereas the capitalized equity component, the corresponding earnings during the construction phase and the subsequent deprecation would not be recognized.

Income Taxes
Pursuant to the *Income Tax Act* (Canada), the Fund and ECT, as trusts, are not subject to income taxes to the extent that taxable income and taxable capital gains are paid or payable to unitholders. However, certain previously consolidated subsidiary corporations are taxable and applicable income taxes have been reflected in these financial statements for the periods prior to September 1, 2015.

Following the liability method of accounting for income taxes, deferred income tax assets and liabilities were recorded based on temporary differences between the tax bases of assets and liabilities and their carrying value for accounting purposes. Deferred income tax assets and liabilities were measured using the tax rate that is expected to apply when the temporary differences reverse. For the Fund's previously consolidated regulated operations, a deferred income tax liability was recognized with a corresponding regulatory asset to the extent taxes could be recovered through rates. Interest and penalties related to tax are reflected in income taxes.

Foreign Currency Transactions and Translation
Foreign currency transactions are those transactions whose terms are denominated in a currency other than the currency of the primary economic environment in which the Fund or a previously consolidated subsidiary operates, referred to as the functional currency. Transactions denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the rate of exchange in effect at the balance sheet date. Exchange gains and losses resulting from translation of monetary assets and liabilities are included in the Statements of Earnings in the period in which they arise.

Gains and losses arising from translation of a foreign operation's functional currency to the Fund's Canadian dollar presentation currency were included in the cumulative translation adjustment component of accumulated other comprehensive income (AOCI) and would have been recognized in earnings upon sale of the foreign operation. Asset and liability accounts were translated at the exchange rates in effect on the balance sheet date, while revenues and expenses were translated using monthly average exchange rates.

Deferred Amounts
Deferred amounts and other assets in the prior year also included costs which regulatory authorities have permitted, or were expected to permit, to be recovered through future rates including deferred income taxes.

Property, Plant and Equipment
Property, plant and equipment was recorded at historical cost. Expenditures for construction, expansion, major renewals and betterments were capitalized. Maintenance and repair costs were expensed as incurred. Expenditures for project development were capitalized if they were expected to have future benefit. The Fund capitalized interest incurred during construction.

Two primary methods of depreciation were utilized. For distinct assets, depreciation was generally provided on a straight-line basis over the estimated useful lives of the assets commencing when the asset was placed in service. For largely homogeneous groups of assets with comparable useful lives, the pool method of accounting for property, plant and equipment was followed whereby similar assets are grouped and depreciated as a pool. When those assets were retired or otherwise disposed of, gains and losses were booked as an adjustment to accumulated depreciation. Certain pipeline assets in service were depreciated based on unit of throughput.

Intangible Assets
Intangible assets consisted primarily of acquired power production and incentive agreements for wind and solar projects and computer software. The Fund capitalized costs incurred during the development stage of internal use software projects. Intangible assets were amortized on a straight-line basis over their expected lives.

Goodwill
Goodwill represents the excess of the purchase price over the fair value of net identifiable assets on acquisition of a business. The carrying value of goodwill, which is not amortized, is assessed for impairment annually, or more frequently if events or changes in circumstances arise that suggest the carrying value of goodwill may be impaired. The Fund does not have any goodwill as at December 31, 2015 (December 31, 2014 – $29 million) and did not recognize any goodwill impairments for the eight month period prior to September 1, 2015 and the year ended December 31, 2014.

Asset Retirement Obligations
Asset retirement obligations (ARO) associated with the retirement of long-lived assets are measured at fair value and recognized as other long-term liabilities in the period in which they can be reasonably determined. The fair value approximates the cost a third party would charge to perform the tasks necessary to retire such assets and is recognized at the present value of expected future cash flows. ARO are added to the carrying value of the associated asset and depreciated over the asset's useful life. The corresponding liability is accreted over time through charges to earnings and is reduced by actual costs of decommissioning and reclamation.

For the majority of the assets within the indirect investments of the Fund, it is not possible to make a reasonable estimate of ARO due to the indeterminate timing and scope of the asset retirements.

Redeemable Securities – ECT preferred units
Prior to the 2015 Transaction, preferred units issued by ECT (ECT Preferred Units) were classified as temporary equity and reflected within the mezzanine section of the Statements of Financial Position between long-term liabilities and Unitholders' deficit. ECT Preferred Units were recorded at their maximum redemption value with changes in estimated redemption value reflected as a charge or credit to deficit.

3. CHANGES IN ACCOUNTING POLICIES

ADOPTION OF NEW STANDARDS
Extraordinary and Unusual Items
Effective January 1, 2015, the Fund retrospectively adopted Accounting Standards Update (ASU) 2015-01 which eliminates the concept of extraordinary items from U.S. GAAP. Entities will no longer be required to separately classify and present extraordinary items in the Statements of Earnings. There was no material impact to the financial statements as a result of adopting this update.

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity
Effective January 1, 2015, the Fund prospectively adopted ASU 2014-08 which changes the criteria and disclosures for reporting discontinued operations. The revised criteria will, in general, result in fewer transactions being categorized as discontinued operations. There was no material impact to the financial statements as a result of adopting this update.

FUTURE ACCOUNTING POLICY CHANGES
Recognition and Measurement of Financial Assets and Liabilities
ASU 2016-01 was issued in January 2016 with the intent to address certain aspects of recognition, measurement, presentation and disclosure of financial assets and liabilities. The amendments revise accounting related to the classification and measurement of investments in equity securities, the presentation of certain fair value changes for financial liabilities measured at fair value and the disclosure requirements associated with the fair value of financial instruments. The Fund is currently assessing the impact of the new standard on its financial statements. The accounting update is effective for fiscal years beginning after December 15, 2017 and is to be applied by means of a cumulative-effect adjustment to the Statement of Financial Position as of the beginning of the fiscal year of adoption, with amendments related to equity securities without readily determinable fair values to be applied prospectively.

Simplifying the Presentation of Debt Issuance Costs
ASU 2015-03 was issued in April 2015 with the intent to simplify the presentation of debt issuance costs. The new standard requires a debt issuance cost related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with the presentation of debt discounts or premiums. Further, ASU 2015-15 was issued in August 2015 to clarify the presentation and subsequent measurement of debt issuance costs associated with line-of-credit arrangements, whereby an entity may defer debt issuance costs as an asset and subsequently amortize them over the term of the line-of-credit. The accounting updates are effective for financial statements issued for fiscal years beginning after December 15, 2015 on a retrospective basis. The adoption of the pronouncement is not anticipated to have a material impact on the Fund's financial statements.

Amendments to the Consolidation Analysis
ASU 2015-02, issued in February 2015, revises the current consolidation guidance which results in a change in the determination of whether an entity consolidates certain types of legal entities. The Fund is currently assessing the impact of the new standard on its financial statements. The new standard is effective for annual and interim reporting periods beginning after December 15, 2015 and may be applied on a full or modified retrospective basis.

Development Stage Entities
ASU 2014-10, issued in June 2014, amended the consolidation guidance to eliminate the development stage entity relief when applying the VIE model and evaluating the sufficiency of equity at risk. The Fund is currently evaluating the impact of the amendment to the consolidation guidance, which is effective for annual reporting periods beginning after December 15, 2015. The new standard requires these amendments be applied retrospectively.

4. SEGMENTED INFORMATION

The changes in accounting resulting from the 2015 Transaction *(Note 2)* have been applied on a prospective basis and result in the Fund having one operating segment subsequent to September 1, 2015. Prior to this date, the Fund had four operating segments: Liquids Transportation and Storage, Natural Gas Transmission, Green Power and Corporate.

5. RELATED PARTY TRANSACTIONS

Unless otherwise noted, all related party transactions have been measured at the exchange amount of consideration established and agreed to by the related parties. The 2015 Transaction and the 2014 Transaction were accounted for as transactions among entities under common control. See Note 2 for additional disclosure.

As a result of the 2015 Transaction *(Note 2)*, the majority of the Fund's affiliate balances are with ECT. Previously, these balances were eliminated on consolidation.

Demand notes receivable from Enbridge Commercial Trust

December 31,	**2015**[1]
(millions of Canadian dollars)	
Non-interest bearing payable on demand from ECT	**303**
Floating interest rate payable on demand from ECT	**148**
	451

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

For the year ended December 31, 2015, Other income – affiliate included $1 million of interest income related to the floating interest rate note payable from ECT. Both the non-interest bearing note receivable and the floating interest rate note receivable are due on demand.

Accounts receivable from affiliates

December 31,	**2015**[1]	2014
(millions of Canadian dollars)		
Distributions receivable from ECT	**44**	-
Accounts receivable from ECT	**13**	-
Accounts receivable from EPI	**12**	-
Current portion of Southern Lights Class A units long-term receivable	**-**	23
Other accounts receivable from affiliates	**3**	5
	72	28

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

The Fund's investment in ECT at December 31, 2015, reflects $168 million of distributions and $3,874 million of contributions for the year ended December 31, 2015 *(Note 7)*.

For the year ended December 31, 2015, Other income – affiliate included $51 million (2014 – $6 million; 2013 – nil) of interest income related to the Southern Lights Class A units long-term receivable which were subscribed for and purchased as part of the 2014 Transaction *(Note 2).*

Long-term notes receivable from Enbridge Commercial Trust

December 31,	**2015**[1]
(millions of Canadian dollars)	
5.69% due June 22, 2017 from ECT	**96**
7.00% due November 12, 2020 from ECT	**100**
	196

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

The Fund recorded $4 million within Other income – affiliate for the year ended December 31, 2015 in relation to the long-term notes receivable from ECT.

Distributions payable to affiliates

As at December 31, 2015, Distributions payable to affiliates included Fund Unit distributions payable to ENF of $15 million (December 31, 2014 – $11 million) and to Enbridge of $15 million (December 31, 2014 – $1 million). As at December 31, 2014, distributions payable to affiliates also included ECT Preferred Unit distributions payable to Enbridge of $14 million.

Due to affiliates

December 31,	2014[1]
(millions of Canadian dollars)	
4.25% demand loan due to ENF	31
Incentive fee payable to Enbridge	23
Management fees payable to Enbridge	7
	61

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

During 2014, ENF advanced $6 million, net of repayments, (2013 – $18 million) to EIPLP, a subsidiary of the Fund at that time. For the year ended December 31, 2014, Interest expense included $1 million (2013 – $1 million) related to the subordinated demand loan with ENF.

Under the management and administrative agreements with EMSI, an incentive fee is payable annually from ECT to EMSI based on cash distributions above a base distribution level. For the year ended December 31, 2015 incentive fees of $23 million (2014 – $23 million; 2013 – $20 million) were recorded within Operating and administrative expenses – affiliate on the Statements of Earnings.

The Fund does not have any employees and uses the services of Enbridge for managing and operating the businesses. For the year ended December 31, 2015, services of $34 million (2014 – $48 million; 2013 – $41 million) were recorded within Operating and administrative expenses – affiliate on the Statements of Earnings. These services were charged at cost in accordance with the service agreements.

Long-term receivable from other affiliates
At December 31, 2014, Long-term receivable from other affiliates included the carrying value of Class A Units of Enbridge SL Holdings L.P. and Southern Lights Holdings, L.L.C., which were subscribed for and purchased as part of the 2014 Transaction *(Note 2)*.

Other affiliate transactions
On September 1, 2015, the Fund entered into interest rate derivative instrument agreements with Enbridge to limit the Fund Group's exposure to interest rate fluctuations in addition to its pre-existing external agreements. The Fund also had existing foreign exchange derivative instrument agreements with external counterparties and offsetting foreign exchange derivative instrument agreements with a wholly-owned subsidiary of EIPLP. The net affiliate derivative instrument balance was $2 million (2014 – $46 million liability) *(Note 8)*.

During 2015, the Fund paid $28 million (2014 – $14 million; 2013 – $4 million) for share issue costs incurred in connection with the public offering of 21 million common shares (2014 – 11 million subscription receipts; 2013 – 4 million common shares) by ENF.

In November 2014, the Fund received a $878 million loan from Enbridge, a related party by virtue of its ownership of ECT Preferred Units and Fund Units, to partially finance the purchase of Southern Lights Class A Units and Alliance Pipeline US *(Note 2)*. The loan had a 10-year maturity and accrued interest at the rate of 5.5% per annum with interest payable semi-annually in June and December of each year. The loan was repayable at any time in whole or in part, and was unsecured and subordinate to all external debt issued by the Fund. In November 2014, the Fund repaid the loan in full. Interest expense on this loan of $2 million was incurred by the Fund for the year ended December 31, 2014, and had been paid in full as at December 31, 2014.

On November 7, 2014, the Fund subscribed for and purchased class A units of a United States based indirect wholly-owned subsidiary of Enbridge *(Note 2)*. The subscription price for the class A units was at a fixed exchange rate of Canadian dollars to the United States dollar price. Given exchange rates on the date of closing, the Fund recorded a realized foreign exchange gain of $22 million in the fourth quarter 2014 *(Note 18)*.

6. ACCOUNTS RECEIVABLE AND OTHER

December 31,	**2015**[1]	2014
(millions of Canadian dollars)		
Unbilled revenues	**-**	22
Trade receivables	**-**	22
Inventory	**-**	5
Prepaid expenses and deposits	**-**	5
Current deferred income taxes	**-**	2
Other	**-**	1
	-	57

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

Accounts receivable of $15 million was due from the Independent Electricity Operator of Ontario at December 31, 2014.

7. LONG-TERM INVESTMENT

INVESTMENT IN ENBRIDGE COMMERCIAL TRUST

At December 31, 2015, the Fund had an equity investment in ECT. ECT is a VIE to the Fund, however, the Fund was not considered to be ECT's primary beneficiary. At December 31, 2014, the Fund did not have any investments in VIEs.

As at December 31, 2015, the carrying amount of the Fund's equity investment in ECT was $1,781 million. The Fund's exposure to loss is limited to its equity investment in ECT. ECT has assets consisting primarily of an equity investment in EIPLP and affiliate receivables. ECT has liabilities primarily comprised of ECT Preferred Units and affiliate loans. As at December 31, 2015, the carrying value of ECT's assets was $4,108 million and the carrying value of its liabilities was $2,327 million.

Further upon closing of the 2015 Transaction, the ECT Preferred Units were reclassified from mezzanine equity to liabilities. Accordingly, ECT reduced the recorded redemption value of its Preferred Units to their aggregate par value amount of $1,578 million with the difference recorded to Unitholders' equity. Consequently, the Fund's long-term investment in ECT was increased by $1,260 million representing the difference between the September 1, 2015 ECT Preferred Unit redemption amount and the ECT aggregate par value.

	December 31, 2015
(millions of Canadian dollars)	
Balance at September 1, 2015	**1,568**
Investment acquired	**3,874**
Reversal of redemption value adjustment attributable to ECT Preferred Units	**1,260**
The 2015 Transaction adjustments:	
Equity true-up – September 1, 2015	**2,866**
EIPLP's excess purchase price over historical carrying value acquired	**(7,259)**
Equity investment other comprehensive income	**(32)**
Other	**(16)**
Equity investment income	**7**
Equity investment other comprehensive income	**(3)**
Equity investment dilution loss, net	**(316)**
Distributions *(Note 5)*	**(168)**
Balance at end of period	**1,781**

In September 2015, the Fund used the aggregate proceeds of $3 billion from the issuance of Fund Units *(Note 17)* to Enbridge to purchase additional common units of ECT. ECT used the aggregate proceeds of $3 billion to purchase additional class A common units issued by EIPLP (EIPLP Class A Units).

In November 2015, the Fund used the aggregate proceeds of $874 million from the issuance of Fund Units *(Note 17)* to ENF to purchase additional common units of ECT, and ECT used the aggregate proceeds of $874 million to purchase additional EIPLP Class A Units.

At December 31, 2015 the Fund owned 280 million (December 31, 2014 – 169 million) of ECT's issued and outstanding common units. Prior to September 1, 2015, ECT was a wholly-owned subsidiary of the Fund and was consolidated *(Note 2)*.

INDIRECT INVESTMENT IN EIPLP

At December 31, 2015 the Fund, through its 100% ownership of ECT, owned 357 million (December 31, 2014 – 245 million) of EIPLP's issued and outstanding EIPLP Class A Units, representing an indirect ownership of 44.5% (2014 – 100%) of EIPLP's total issued and outstanding common units.

	December 31, 2015
(millions of Canadian dollars)	
Balance at September 1, 2015	**3,086**
Investment acquired	**3,874**
The 2015 Transaction adjustments:	
Equity true-up – September 1, 2015	**4,687**
EIPLP's excess purchase price over historical carrying value acquired	**(7,259)**
Equity investment other comprehensive income	**(32)**
Other	**(16)**
Equity investment income	**104**
Equity investment other comprehensive income	**(3)**
Equity investment dilution loss, net	**(316)**
Distributions	**(223)**
Balance at end of period	**3,902**

Equity issuances from EIPLP result in dilution gains or losses, with a corresponding charge or credit to deficit, when each of EIPLP's partners do not participate equally in the issuance. For the year ended December 31, 2015, ECT recorded a net dilution loss of $316 million resulting from its increase in ownership of EIPLP Class A Units partially offset by EIPLP's issuance of class D Units to Enbridge. ECT's net dilution loss is recorded as a component of the Fund's equity pickup of ECT.

Summarized financial information of EIPLP accounted for under the equity method was as follows:

Year ended December 31,	**2015**[1]	2014[1]	2013[1]
(millions of Canadian dollars)			
Revenue	**1,874**	2,186	2,220
Earnings	**180**	631	495

1 Retrospectively adjusted to furnish comparative information related to the 2015 and 2014 Transaction (Note 2).

December 31,	**2015**	2014[1]
(millions of Canadian dollars)		
Current assets	**794**	693
Property, plant and equipment, net	**21,064**	18,856
Other non-current assets	**3,792**	3,747
Current liabilities	**1,928**	9,935
Long-term debt	**5,591**	3,429
Other long-term liabilities	**9,368**	2,851

1 Retrospectively adjusted to furnish comparative information related to the 2015 and 2014 Transaction (Note 2).

FINANCIAL STATEMENT EFFECTS OF RATE REGULATION

The financial statement effect of rate regulation is recorded within the Fund's equity accounting for its indirect investment in EIPLP. A number of businesses within EIPLP are subject to regulation. EIPLP's significant regulated businesses and related accounting impacts are described below.

Canadian Mainline

Canadian Mainline is subject to regulation by the NEB and Canadian Mainline tolls (excluding Lines 8 and 9) are currently governed by the 10-year Competitive Toll Settlement (CTS). The CTS was negotiated with shippers in accordance with NEB guidelines, was approved by the NEB in June 2011 and took effect July 1, 2011. Under the CTS, a regulatory asset is recognized to offset deferred income taxes as a NEB rate order governing flow-through income tax treatment permits future recovery. No other material regulatory assets or liabilities are recognized under the terms of the CTS.

Southern Lights Pipeline
The Canadian portion of the Southern Lights Pipeline is regulated by the NEB. Shippers on the Southern Lights Pipeline are subject to long-term transportation contracts under a cost of service toll methodology. Toll adjustments are filed annually with the regulators.

Saskatchewan Gathering System
The Saskatchewan Gathering System is regulated by SME. The Saskatchewan Gathering System follows a cost of service methodology. Tolls are subject to change from time to time based on differences between the estimated cost of service and actual costs incurred.

Alliance Pipeline
Alliance Pipeline Canada has tolls and tariffs regulated by the NEB and Alliance Pipeline US has tolls and tariffs regulated by the FERC. With the expiration of Alliance Pipeline's transportation service agreements in December 2015, Alliance Pipeline announced a new services framework and the related tolls and tariff provisions required to implement the new services (collectively, New Services Framework). Pursuant to the New Services Framework, Alliance Pipeline retains exposure to potential variability in certain future costs and throughput volumes. As such, the majority of Alliance Pipeline's operations no longer meet all of the criteria required for the continued application of rate regulated accounting treatment and derecognition of regulatory balances as at June 30, 2015 was required.

8. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

MARKET PRICE RISK
The Fund Group's earnings, cash flows and OCI are subject to movements in interest rates, foreign exchange rates and commodity prices (collectively, market price risk). Formal risk management policies, processes and systems have been designed to mitigate these risks.

The following summarizes the types of market price risks to which the Fund is exposed and the risk management instruments used to mitigate them.

Interest Rate Risk
The Fund's earnings, cash flows and OCI are exposed to short term interest rate variability due to the regular repricing of its variable rate debt, primarily credit facilities. Floating to fixed interest rate swaps are used to hedge against the effect of future interest rate movements. The Fund has implemented a program to significantly mitigate the volatility of short-term interest rates on interest expense with the execution of floating to fixed rate interest rate swaps through 2018 at an average swap rate of 2.2%.

The Fund's earnings, cash flows and OCI are also exposed to variability in longer term interest rates ahead of anticipated fixed rate debt issuances. Forward starting interest rate swaps may be used to hedge against the effect of future interest rate movements. The Fund has implemented a program to significantly mitigate its exposure to long-term interest rate variability on select forecast term debt issuances with the execution of floating to fixed interest rate swaps through 2018 at an average swap rate of 2.8%.

The Fund uses qualifying derivative instruments to manage interest rate risk.

Foreign Exchange Risk
The Fund Group incurs expenses, and holds investments and subsidiaries that are denominated in currencies other than Canadian dollars. As a result, the Fund's earnings, cash flows and OCI are exposed to fluctuations resulting from foreign exchange rate variability.

The Fund Group has implemented a policy whereby, at a minimum, it hedges a level of foreign currency denominated cash flow exposures over a three year forecast horizon. A combination of qualifying and non-qualifying derivative instruments may be used to hedge anticipated foreign currency denominated revenues and expenses, and to manage variability in cash flows.

Commodity Price Risk
The Fund Group's earnings, cash flows and OCI are exposed to changes in commodity prices as a result of EIPLP's ownership interest in certain assets and investments. These commodities primarily consist of crude oil and power. The Fund Group employs financial derivative instruments to fix a portion of the variable price exposures that arise from physical transactions involving these commodities. A combination of qualifying and non-qualifying derivative instruments may be used to manage commodity price risk.

TOTAL DERIVATIVE INSTRUMENTS
The following table summarizes the Statements of Financial Position location, carrying value and fair value of the Fund's derivatives instruments. The Fund did not have any outstanding fair value or net investment hedges as at December 31, 2015 and 2014.

The Fund enters into individual International Swaps and Derivatives Association, Inc. (ISDA) agreements, or other similar derivative agreements, with certain of its derivative counterparties. These agreements provide for the net settlement of derivative instruments outstanding with specific counterparties in the event of bankruptcy or other significant credit event, and would reduce the Fund's credit risk exposure on derivative asset positions outstanding with the counterparties in these particular circumstances. The following table also summarizes the maximum potential settlement in the event of these specific circumstances. All amounts are presented gross in the Statements of Financial Position.

December 31, 2015	Derivative Instruments used as Cash Flow Hedges	Non-Qualifying Derivative Instruments	Total Gross Derivative Instruments as Presented	Amounts Available for Offset	Total Net Derivative Instruments
(millions of Canadian dollars)					
Current portion of derivative assets – affiliates					
Foreign exchange contracts	**-**	**22**	**22**	**-**	**22**
	-	**22**	**22**	**-**	**22**
Long-term portion of derivative assets					
Foreign exchange contracts	**-**	**105**	**105**	**-**	**105**
	-	**105**	**105**	**-**	**105**
Short-term portion of derivative liabilities					
Interest rate contracts	**(3)**	**-**	**(3)**	**-**	**(3)**
Foreign exchange contracts	**-**	**(22)**	**(22)**	**-**	**(22)**
	(3)	**(22)**	**(25)**	**-**	**(25)**
Short-term portion of derivative liabilities – affiliate					
Interest rate contracts	**(17)**	**-**	**(17)**	**-**	**(17)**
	(17)	**-**	**(17)**	**-**	**(17)**
Long-term portion of derivative liabilities					
Interest rate contracts	**(42)**	**-**	**(42)**	**-**	**(42)**
Foreign exchange contracts	**-**	**(105)**	**(105)**	**-**	**(105)**
	(42)	**(105)**	**(147)**	**-**	**(147)**
Long-term portion of derivative liabilities - affiliate					
Interest rate contracts	**(3)**	**-**	**(3)**	**-**	**(3)**
	(3)	**-**	**(3)**	**-**	**(3)**
Total net derivative asset/(liability)					
Interest rate contracts	**(65)**	**-**	**(65)**	**-**	**(65)**
Foreign exchange contracts	**-**	**-**	**-**	**-**	**-**
	(65)	**-**	**(65)**	**-**	**(65)**

December 31, 2014	Derivative Instruments used as Cash Flow Hedges	Non-Qualifying Derivative Instruments	Total Gross Derivative Instruments as Presented	Amounts Available for Offset	Total Net Derivative Instruments
(millions of Canadian dollars)					
Current portion of derivative assets – affiliates					
Commodity contracts	1	-	1	-	1
	1	-	1	-	1
Long-term portion of derivative assets					
Foreign exchange contracts	1	-	1	-	1
Commodity contracts	1	-	1	-	1
	2	-	2	-	2
Short-term portion of derivative liabilities					
Interest rate contracts	(1)	-	(1)	-	(1)
Foreign exchange contracts	-	(4)	(4)	-	(4)
	(1)	(4)	(5)	-	(5)
Long-term portion of derivative liabilities – affiliate					
Interest rate contracts	(26)	-	(26)	-	(26)
Foreign exchange contracts	-	(21)	(21)	-	(21)
	(26)	(21)	(47)	-	(47)
Total net derivative asset/(liability)					
Interest rate contracts	(27)	-	(27)	-	(27)
Foreign exchange contracts	1	(25)	(24)	-	(24)
Commodity contracts	2	-	2	-	2
	(24)	(25)	(49)	-	(49)

The following table summarizes the maturity and notional principal or quantity outstanding related to the Fund's derivative instruments.

December 31, 2015	2016	2017	2018	2019	2020	Thereafter
Interest rate contracts - short-term borrowings *(millions of Canadian dollars)*	**301**	**326**	**319**	**1**	**-**	**-**
Interest rate contracts - long-term borrowings *(millions of Canadian dollars)*	**720**	**330**	**100**	**-**	**-**	**-**
Foreign exchange contracts - U.S. dollar forwards - purchase *(millions of United States dollars)*	**87**	**86**	**86**	**57**	**63**	**291**
Foreign exchange contracts - U.S. dollar forwards - sell *(millions of United States dollars)*	**87**	**86**	**86**	**57**	**63**	**291**

December 31, 2014	2015	2016	2017	2018	2019	Thereafter
Interest rate contracts - short-term borrowings *(millions of Canadian dollars)*	321	301	326	319	1	-
Interest rate contracts - long-term borrowings *(millions of Canadian dollars)*	-	-	180	100	-	-
Foreign exchange contracts - U.S. dollar forwards - purchase *(millions of United States dollars)*	2	2	2	2	2	2
Foreign exchange contracts - U.S. dollar forwards - sell *(millions of United States dollars)*	98	87	86	86	57	354
Commodity contracts - power *(megawatts per hour)*	5	5	5	3	3	3

Effect of Derivative Instruments on the Statements of Earnings and Comprehensive Income

The following table presents the effect of cash flow hedges on the Fund's earnings and comprehensive income.

Year ended December 31,	**2015**	2014	2013
(millions of Canadian dollars)			
Amount of unrealized gain/(loss) recognized in OCI			
Interest rate contracts	**(43)**	(29)	-
Foreign exchange contracts	**2**	1	1
Commodity contracts	**1**	3	(1)
Total unrealized loss recognized in OCI	**(40)**	(25)	-
Amount of gain/(loss) reclassified from AOCI to earnings *(effective portion)*			
Interest rate contracts[1]	**5**	4	5
Commodity contracts[2]	**(1)**	(1)	1
Total gain reclassified from AOCI to earnings *(effective portion)*	**4**	3	6
Amount of loss reclassified due to change to equity accounting			
Foreign exchange contracts	**(3)**	-	-
Commodity contracts	**(2)**	-	-
Total loss reclassified due to change to equity accounting	**(5)**	-	-
Amount of loss reclassified from AOCI to earnings (*ineffective portion and amount excluded from effectiveness testing)*			
Interest rate contracts[1]	**(4)**	-	-

1 Reported within Interest expense in the Statements of Earnings.
2 Reported within Electricity sales revenue in the Statements of Earnings.

The estimated net amount of existing losses reported in accumulated other comprehensive income that is expected to be reclassified to net income within the next 12 months is $4 million. Actual amounts reclassified to earnings depend on the interest rates, foreign exchange rates and commodity prices in effect when derivative contracts that are currently outstanding are settled.

Non-Qualifying Derivatives

The following table presents the unrealized gains and losses associated with changes in the fair value of the Fund's non-qualifying derivatives.

Year ended December 31,	**2015**	2014	2013
(millions of Canadian dollars)			
Foreign exchange contracts[1]	**(77)**	(25)	-
Total unrealized derivative fair value gain/(loss)	**(77)**	(25)	-

1 Reported within Other income/(expense) in the Statements of Earnings.

LIQUIDITY RISK

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations, including commitments, as they become due. In order to manage this risk, the Fund forecasts the cash requirements over the near and long term to determine whether sufficient funds will be available when required. The Fund's primary sources of liquidity and capital resources are funds generated from its indirect investment in EIPLP, draws under committed credit facilities and the issuance of medium term notes and the issuance of Fund Units. The Fund maintains a current shelf prospectus with Canadian securities regulators, which enables, subject to market conditions, ready access to Canadian public capital markets.

CREDIT RISK

Entering into derivative financial instruments may result in exposure to credit risk. Credit risk arises from the possibility that a counterparty will default on its contractual obligations. The Fund enters into risk management transactions only with institutions that possess investment grade credit ratings. Credit risk relating to derivative counterparties is mitigated by utilization of credit exposure limits, contractual requirements and frequent assessment of counterparty credit worthiness.

At December 31, 2015 and 2014, the Fund had group credit concentrations and maximum credit exposure in the following counterparty segments:

December 31,	**2015**	2014
(millions of Canadian dollars)		
Due from affiliates	**127**	3
	127	3

FAIR VALUE MEASUREMENTS

The Fund's financial assets and liabilities measured at fair value on a recurring basis include derivative instruments. The fair value of derivative instruments reflects the Fund's best estimates of market value based on generally accepted valuation techniques or models and supported by observable market prices and rates. When such values are not available, the Fund uses discounted cash flow analysis from applicable yield curves based on observable market inputs to estimate fair value.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund categorizes those financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement.

Level 1

Level 1 includes financial instruments measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date. An active market for a financial instrument is considered to be a market where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund did not have any financial instruments categorized as Level 1 as at December 31, 2015 or 2014.

Level 2

Level 2 includes financial instrument valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Financial instruments in this category are valued using models or other industry standard valuation techniques derived from observable market data. Such valuation techniques include inputs such as quoted forward prices, time value, volatility factors and broker quotes that can be observed or corroborated in the market for the entire duration of the financial instrument. Financial instruments valued using Level 2 inputs include non-exchange traded derivatives such as over-the-counter interest rate swaps for which observable inputs can be obtained.

Level 3

Level 3 includes financial instrument valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the financial instruments' fair value. Generally, Level 3 financial instruments are longer dated transactions, occur in less active markets, occur at locations where pricing information is not available or have no binding broker quote to support Level 2 classification. The Fund has developed methodologies, benchmarked against industry standards, to determine fair value for these financial instruments based on extrapolation of observable future prices and rates. Financial instruments valued using Level 3 inputs include long-dated commodity derivative contracts.

The Fund uses the most observable inputs available to estimate the fair value of its financial instruments. When possible, the Fund estimates the fair value of its financial instruments based on quoted market prices. If quoted market prices are not available, the Fund uses estimates from third party brokers. For non-exchange traded derivatives classified in Levels 2 and 3, the Fund uses standard valuation techniques to calculate the estimated fair value. These methods include discounted cash flows for forwards and swaps. Depending on the type of financial instrument and nature of the underlying risk, the Fund uses observable market prices (interest, foreign exchange and commodity) and volatility as primary inputs to these valuation techniques. Finally, the Fund considers its own credit default swap spread as well as the credit default swap spreads associated with its counterparties in its estimation of fair value.

The Fund has categorized its derivative instruments, measured at fair value as follows:

December 31, 2015	Level 1	Level 2	Level 3	Total
(millions of Canadian dollars)				
Financial assets				
Current derivative assets	**-**	**22**	**-**	**22**
Long-term derivative assets	**-**	**105**	**-**	**105**
Financial liabilities				
Current derivative liabilities	**-**	**(42)**	**-**	**(42)**
Long-term derivative liabilities	**-**	**(150)**	**-**	**(150)**
Total net asset/(liability)	**-**	**(65)**	**-**	**(65)**

December 31, 2014	Level 1	Level 2	Level 3	Total
(millions of Canadian dollars)				
Financial assets				
Current derivative assets	-	-	1	1
Long-term derivative assets	-	1	2	3
Financial liabilities				
Current derivative liabilities	-	(5)	-	(5)
Long-term derivative liabilities	-	(48)	-	(48)
Total net asset/(liability)	-	(52)	3	(49)

Changes in net fair value of financial instruments classified as Level 3 in the fair value hierarchy were as follows:

Year ended December 31,	**2015**	2014
(millions of Canadian dollars)		
Level 3 net financial asset/(liability) at beginning of year	**2**	-
Total gains/(losses), unrealized		
Included in OCI	**-**	2
Settlements	**(2)**	-
Level 3 net financial asset/(liability) at end of year	**-**	2

The Fund's policy is to recognize transfers as of the last day of the reporting period. There were no transfers between levels as at December 31, 2015 and 2014.

FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS

At December 31, 2015, the Fund's long-term debt had a fair value of $2,395 million (2014 – $2,654 million). This fair value measurement has been classified as a level 2 fair value measurement.

At December 31, 2014, the fair value of long-term receivable from other affiliates was equal to carrying value *(Note 5)*. This fair value measurement was classified as a level 2 fair value measurement.

9. PROPERTY, PLANT AND EQUIPMENT

December 31,	**2015**[1]	2014
(millions of Canadian dollars)		
Green Power assets	**-**	1,550
Pipeline in service	**-**	642
Pumping equipment, tanks and other	**-**	695
Capital assets under construction	**-**	22
	-	2,909
Accumulated depreciation	**-**	(683)
Property, plant and equipment, net	**-**	2,226

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

As a result of the deconsolidation of EIPLP, $2,161 million of property, plant and equipment assets, net, were removed from the Fund's Statement of Financial Position at September 1, 2015, the closing date of the 2015 Transaction. Accordingly, depreciation expense for the year ended December 31, 2015 was $94 million (2014 – $132 million; 2013 – $126 million) relating to the first eight months of the year. Further, the weighted average deprecation rate was 4.0%, 9.8% and 3.3% for Green Power assets, Pipeline in service and Pumping equipment, tanks and other, respectively.

10. OTHER LONG-TERM INVESTMENTS

December 31,	Ownership Interest	**2015[1]**	2014
(millions of Canadian dollars)			
Equity investments			
Alliance Pipeline	50%	**-**	374
Green Power			
NRGreen Power Limited Partnership	50%	**-**	55
SunBridge Wind Power Facility	50%	**-**	5
Total		**-**	434

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

Summarized combined financial information of the Fund's interests in other investments accounted for under the equity method was as follows:

Year ended December 31,	**2015[1]**	2014[2]	2013[2]
(millions of Canadian dollars)			
Earnings			
Revenues	**301**	445	414
Operating and administrative	**(90)**	(145)	(136)
Depreciation and amortization	**(72)**	(106)	(102)
Other income	**5**	2	2
Interest expense	**(36)**	(56)	(60)
Earnings	**108**	140	118

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).
2 Retrospectively adjusted to furnish comparative information related to Alliance Pipeline US (Note 2).

December 31,	**2015[1]**	2014
(millions of Canadian dollars)		
Current assets	**-**	120
Property, plant and equipment, net	**-**	1,228
Deferred amounts and other assets	**-**	15
Current liabilities	**-**	(228)
Long-term debt	**-**	(683)
Other long-term liabilities	**-**	(18)
Net assets	**-**	434

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

11. DEFERRED AMOUNTS AND OTHER ASSETS

December 31,	**2015[1]**	2014
(millions of Canadian dollars)		
Regulatory assets	-	52
Deferred financing costs	**8**	9
	8	61

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

12. INTANGIBLE ASSETS

As a result of the deconsolidation of EIPLP, $26 million of intangible assets, net were removed from the Fund's Statement of Financial Position at September 1, 2015, the closing date of the 2015 Transaction. Total amortization expense for intangible assets for the year ended December 31, 2015 was $2 million (2014 – $2 million; 2013 – $2 million). The weighted average amortization rate was 4.0% for power purchase agreements and 19.8% for software during 2015.

December 31, 2014	Weighted Average Amortization Rate	Cost	Accumulated Amortization	Net
(millions of Canadian dollars)				
Power purchase agreements	4.0%	30	(6)	24
Software	21.8%	6	(4)	2
		36	(10)	26

13. OTHER ACCOUNTS PAYABLE

December 31,	**2015**[1]	2014
(millions of Canadian dollars)		
Operating accrued liabilities	**-**	18
Trade payables	**-**	3
Construction payable	**-**	14
Income taxes payable	**-**	9
Other	**1**	2
	1	46

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

14. DEBT

December 31,	**2015**	2014
(millions of Canadian dollars)		
Medium term notes		
5.00% due June 22, 2017	**100**	100
2.92% due December 14, 2017	**225**	225
4.00% due December 20, 2018	**125**	125
4.10% due February 22, 2019	**300**	300
4.85% due November 12, 2020	**100**	100
4.85% due February 22, 2022	**200**	200
3.94% due January 13, 2023	**275**	275
3.95% due November 19, 2024	**500**	500
4.87% due November 21, 2044	**250**	250
Floating rate due November 21, 2016	**330**	330
Credit facilities	**-**	140
Debt discount	**(1)**	(1)
Total debt	**2,404**	2,544
Current maturities	**(330)**	-
Long-term debt	**2,074**	2,544

Medium Term Notes

The Medium Term Notes (MTNs) are unsecured and redeemable by the Fund prior to maturity, in whole or in part, from time to time, and at the option of the Fund at a price equal to the greater of the applicable Government of Canada yield price and par. Interest on the MTNs is payable semi-annually and interest on the floating rate note maturing in 2016 is payable quarterly. No MTNs were issued during the year ended December 31, 2015.

For the year ending December 31, 2016, MTN maturities are $330 million. For the years ending December 31, 2017 through December 31, 2020, MTN maturities are $325 million, $125 million, $300 million and $100 million, respectively. At December 31, 2015, the MTNs had a fair value of $2,395 million (2014 – $2,514 million) based on quoted market prices.

Credit Facility

In August 2015, the Fund extended the maturity date of its existing $500 million, 3-year standby committed credit facility with a syndicate of commercial banks to June 28, 2018. In October 2015, the Fund increased the amount committed under this credit facility by $1,000 million, to a total of $1,500 million. On an annual basis, the Fund may request a one year extension of the applicable maturity date. At December 31, 2015, there was nil (2014 – $140 million) drawn on the facility. Letters of credit totalled $11 million (2014 – $4 million) leaving $1,489 million (2014 – $356 million) of the credit facility available for use at December 31, 2015. The weighted average interest rate on indebtedness incurred on the Fund's credit facility for the year ended December 31, 2015 was 2.2% (2014 – 2.5%). The Fund's credit facility carries a standby fee of 0.24% (2014 – 0.24%) per annum. The Fund is subject to several covenants under its credit facility, including covenants that limit outstanding debt to a percentage of the Fund's and EIPLP's capitalization. The Fund was in compliance with all covenants as at December 31, 2015.

INTEREST EXPENSE

Year ended December 31,	**2015**	2014	2013
(millions of Canadian dollars)			
Interest expense on long-term debt	**103**	72	70
Interest on affiliate loans *(Note 5)*	**1**	3	1
Amortization of deferred financing fees and bank charges	**4**	3	4
Capitalized interest	**-**	-	(1)
	108	78	74

Interest obligations on the Fund's MTNs for the years ending December 31, 2016 through 2020 are $86 million, $84 million, $75 million, $63 million and $57 million, respectively.

15. OTHER LONG-TERM LIABILITIES

December 31,	**2015**[1]	2014
(millions of Canadian dollars)		
Asset retirement obligations	**-**	21
Other	**1**	3
	1	24

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

A reconciliation of movements in the Fund's asset retirement obligation is as follows:

December 31,	**2015**[1]	2014
(millions of Canadian dollars)		
Obligations, beginning of year	**21**	20
Accretion expense	**1**	1
Abandonment costs incurred	**2**	-
Deconsolidation[1]	**(24)**	-
Obligations, end of year	**-**	21

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

As a result of the deconsolidation of EIPLP, asset retirement obligation of $24 million was removed from the Fund's Statement of Financial Position at September 1, 2015, the closing date of the 2015 Transaction.

16. ECT PREFERRED UNITS

(millions of Canadian dollars, number of units in millions)	**2015[1]** Number of Units	**2015[1]** Mezzanine Equity	2014 Number of Units	2014 Mezzanine Equity	2013 Number of Units	2013 Mezzanine Equity
ECT Preferred Units, series 1						
Balance, beginning of year	**38**	**1,517**	38	885	38	895
Redemption value adjustment	**-**	**(287)**	-	632	-	(10)
Deconsolidation adjustment	**(38)**	**(1,230)**	-	-	-	-
Balance, end of year	**-**	**-**	38	1,517	38	885
ECT Preferred Units, series 2						
Balance, beginning of year	**16**	**641**	16	374	16	378
Redemption value adjustment	**-**	**(121)**	-	267	-	(4)
Deconsolidation adjustment	**(16)**	**(520)**	-	-	-	-
Balance, end of year	**-**	**-**	16	641	16	374
ECT Preferred Units, series 3						
Balance, beginning of year	**13**	**525**	13	306	13	350
Redemption value adjustment	**-**	**(99)**	-	219	-	(44)
Deconsolidation adjustment	**(13)**	**(426)**	-	-	-	-
Balance, end of year	**-**	**-**	13	525	13	306
ECT Preferred Units, series 4						
Balance, beginning of year	**5**	**209**	5	122	-	-
Issued	**-**	**-**	-	-	5	131
Redemption value adjustment	**-**	**(39)**	-	87	-	(9)
Deconsolidation adjustment	**(5)**	**(170)**	-	-	-	-
Balance, end of year	**-**	**-**	5	209	5	122
ECT Preferred Units, series 5						
Balance, beginning of year	**15**	**607**	-	-	-	-
Issued	**-**	**-**	15	461	-	-
Redemption value adjustment	**-**	**(115)**	-	146	-	-
Deconsolidation adjustment	**(15)**	**(492)**	-	-	-	-
Balance, end of year	**-**	**-**	15	607	-	-
Total ECT Preferred Units	**-**	**-**	87	3,499	72	1,687

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

Prior to the 2015 Transaction, ECT Preferred Units were classified as temporary equity and reflected within the mezzanine section of the Statements of Financial Position between long-term liabilities and Unitholders' deficit. ECT Preferred Units were recorded at their maximum redemption value with changes in estimated redemption value reflected as a charge or credit to deficit. As a result of the accounting changes from the 2015 Transaction, the ECT Preferred Units were reclassified to liabilities from mezzanine equity and the cumulative redemption value was reversed impacting the Fund's equity pickup of ECT *(Note 7)*.

ECT Preferred Units are entitled to non-cumulative distributions when declared by ECT, have no direct voting rights except in limited circumstances and all mature on June 30, 2050.

17. TRUST UNITS

December 31,	2015 Number of Units	2015 Amount	2014 Number of Units	2014 Amount	2013 Number of Units	2013 Amount
(millions of Canadian dollars, number of units in millions)						
Fund Units, beginning of year	**80**	**3,187**	66	1,536	61	1,478
Issued	**111**	**3,875**	14	421	5	119
Share issue costs	**-**	**(28)**	-	(14)	-	(4)
Redemption value adjustment	**-**	**(1,768)**	-	1,244	-	(57)
Fund Units, end of year[1]	**191**	**5,266**	80	3,187	66	1,536

1 Enbridge owned 94 million common trust units at December 31, 2015 (2014 – 10 million; 2013 – 10 million).

Holders of the class C units of EIPLP (EIPLP Class C Units), ECT Preferred Units and Fund Units may exchange such securities in whole or in part for ECT Preferred Units, Fund Units or ENF common shares, as applicable, at any time or from time to time, directly or indirectly on a one-for-one basis pursuant to an exchange right support agreement entered into with ENF and the terms of such securities (Exchange Right).

Pursuant to the Trust Indenture, an unlimited number of Fund Units may be issued by the Fund. Each unit represents an equal undivided beneficial interest in any distributions from the Fund and in the net assets in the event of termination or wind-up of the Fund. All units are voting and have equal rights and privileges. At any given time, the Fund is required to reserve a sufficient number of Fund Units to satisfy the Exchange Right. As a result of the 2015 Transaction, the existing Fund Units were amended to also include an exchange right into ENF common shares.

Fund Units are redeemable at any time at the option of the holder. At December 31, 2015 and 2014, the redemption price per Fund Unit is equal to the net asset value per Fund Unit, calculated with reference to the market price of an ENF common share, adjusted for non-consolidated assets and liabilities of ENF. The maximum amount payable by the Fund in respect of redemptions in any calendar month is limited to $0.1 million. To the extent that a unitholder is not entitled to receive cash upon the redemption of Fund Units, the redemption price shall be satisfied, subject to all necessary regulatory approvals, by way of a distribution of Fund property, which may include ECT notes or other assets held by the Fund.

18. OTHER INCOME/(EXPENSE)

Year ended December 31,	**2015**[1]	2014	2013
(millions of Canadian dollars)			
Realized loss on derivative instruments	**(9)**	21	-
Unrealized loss on derivative instruments	**(77)**	(25)	-
Unrealized gain on foreign intercompany loan	**99**	16	-
Realized gain on foreign intercompany loan	**8**	-	-
Gain on disposition	**22**	-	-
Regulatory asset write-off	**-**	-	(16)
	43	12	(16)

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).

19. CHANGES IN OPERATING ASSETS AND LIABILITIES

Year ended December 31,	**2015[1]**	2014[2]	2013[2]
(millions of Canadian dollars)			
Accounts receivable and other, net	**(7)**	(22)	(7)
Accounts receivable from other affiliates	**95**	(25)	(3)
Other accounts payable	**17**	1	15
Interest payable	**1**	4	5
Due to affiliates	**-**	5	3
Deferred amounts and other assets	**18**	27	(19)
Other long-term liabilities	**(8)**	(16)	(1)
	116	(26)	(7)

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).
2 Retrospectively adjusted to furnish comparative information related to the 2014 Transaction (Note 2).

20. INCOME TAXES

INCOME TAX RATE RECONCILIATION

Year ended December 31,	**2015[1]**	2014[2]	2013[2]
(millions of Canadian dollars)			
Earnings before income taxes	**192**	213	166
Federal statutory corporate income tax rate	**15%**	15%	15%
Income taxes at federal statutory rate	**29**	32	25
Increase/(decrease) resulting from:			
Provincial and state taxes	**29**	16	13
Foreign and other statutory rate differentials	**15**	19	13
Taxable component of trust distributions	**(7)**	(8)	(6)
Deferred income taxes related to regulated operations[3]	**11**	5	5
Temporary differences not recognized in non-taxable entities	**1**	(1)	(1)
Non-taxable portion of capital gains	**(9)**	-	-
Other	**3**	-	-
Income tax expense	**72**	63	49
Effective income tax rate	**37.5%**	29.6%	29.5%

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).
2 Retrospectively adjusted to furnish comparative information related to the 2014 Transaction (Note 2).
3 The amounts in 2015 and 2013 included the federal component of the tax effect of the write-off of regulatory receivables.

COMPONENTS OF PRETAX EARNINGS AND INCOME TAXES

Year ended December 31,	**2015[1]**	2014[2]	2013[2]
(millions of Canadian dollars)			
Earnings before income taxes			
Canada	**115**	117	104
United States	**77**	96	62
	192	213	166
Current income taxes			
Canada	**18**	4	1
United States	**-**	23	23
	18	27	24
Deferred income taxes			
Canada	**23**	21	23
United States	**31**	15	2
	54	36	25
Income taxes on earnings	**72**	63	49

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).
2 Retrospectively adjusted to furnish comparative information related to the 2014 Transaction (Note 2).

COMPONENTS OF DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are recognized for the future tax consequences of differences between carrying amounts of assets and liabilities and their respective tax bases. Major components of deferred income tax assets and liabilities were:

December 31,	**2015**[1]	2014[2]
(millions of Canadian dollars)		
Deferred income tax liabilities		
Property, plant and equipment and intangible assets	**-**	55
Investments	**-**	99
Deferred revenue	**-**	10
Other	**-**	-
Total deferred income tax liabilities	**-**	164
Deferred income tax assets		
Loss carryforwards	**-**	2
Asset retirement obligations	**-**	5
Other	**-**	5
Total deferred income tax assets	**-**	12
Net deferred income tax liabilities	**-**	152
Presented as follows:		
Current deferred income tax assets	**-**	(2)
Non-current deferred income tax assets	**-**	(243)
Current deferred income tax liabilities	**-**	-
Non-current deferred income tax liabilities	**-**	397
Net deferred income tax liabilities	**-**	152

1 Reflects the deconsolidation of Enbridge Commercial Trust and Enbridge Income Partners LP (Note 2).
2 Retrospectively adjusted to furnish comparative information related to the 2014 Transaction (Note 2).