Enbridge Income Fund enters into $1.76 billion transaction with Enbridge Inc. for Natural Gas and Diluent Pipeline Interests

Enbridge Income Fund Holdings Inc. enters into bought deal agreement to sell $337 million of Subscription Receipts to finance its investment in the Fund; 12 percent dividend increase following close of transaction

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CALGARY, Alberta, September 22, 2014 – Enbridge Income Fund Holdings Inc. (the "Company") (TSX: ENF) and Enbridge Income Fund (the "Fund") announced today that indirect wholly-owned subsidiaries of the Fund have entered into agreements with indirect wholly-owned subsidiaries of Enbridge Inc. (TSX, NYSE: ENB) ("Enbridge") to acquire a 50 percent interest in the U.S. segment of the Alliance Pipeline and subscribe for and purchase Class A Units which will provide a defined cash flow stream from the Southern Lights Pipeline (collectively, the "Assets"), for $1.76 billion (the "Transaction"). The Company also announced that to finance its equity investment in the Fund pursuant to the Transaction, it has entered into a bought deal agreement with Scotiabank, RBC Capital Markets and TD Securities Inc. for the sale of an aggregate of 11,100,000 subscription receipts of the Company ("Subscription Receipts") at a price of $30.35 per Subscription Receipt, for gross proceeds of $337 million. Closing of the Transaction is subject to customary regulatory approval, including pursuant to competition legislation in Canada and the U.S. The Company anticipates that the Transaction will be completed in November 2014.

Collectively, the Assets are expected to generate within the Fund cash flow before interest expense of approximately $150 million per year on average over a long term planning horizon. The Company intends to increase the dividend on its common shares ("Common Shares") by 12 percent following close of the Transaction.

"This immediately accretive acquisition creates a tremendous opportunity for the Fund to continue delivering on its value proposition of long term, stable and growing cash flows underpinned by businesses with strong fundamentals," noted Perry Schuldhaus, President of the Company. "We believe that the acquisition of the U.S. segment of the Alliance Pipeline and the cash flows from the Southern Lights Pipeline will be a great fit for the Fund and is expected to deliver numerous benefits. The Assets will substantially scale up and further diversify the Fund's sources of low risk cash flow. After giving effect to the Transaction, the distributable cash flow generated from the Natural Gas Transmission and Crude Oil Transportation and Storage segments are expected to increase to approximately 25 percent and 46 percent, respectively, over a long term planning horizon. Expected additional cash flow accretion will also enable the Fund to build cash resources to support investment in further growth. Both Assets offer opportunities to participate in future growth of the Assets, which is supported by strong fundamentals within each of the businesses."

The Transaction

The Fund has owned a 50 percent interest in the Canadian segment of the Alliance Pipeline since 2003. Acquiring a 50 percent interest in the U.S. segment of the Alliance Pipeline will result in the consolidation of ownership in the Alliance Pipeline, with Veresen Inc. (TSX: VSN) owning the remaining 50 percent interest.

Wholly-owned subsidiaries of the Fund will subscribe for Class A Units in Enbridge SL Holdings LP, which indirectly owns the Canadian segment of the Southern Lights Pipeline, and purchase Class A Units in Southern Lights Holdings, L.L.C., which indirectly owns the U.S. segment of the Southern Lights Pipeline. Enbridge Pipelines Inc. and Enbridge Energy Company, Inc., both indirect wholly-owned subsidiaries of Enbridge, will own the Class B Units in Enbridge SL Holdings LP and Southern Lights Holdings, L.L.C., respectively. The Class A Units are non-voting and do not confer any governance rights or ownership rights in the Southern Lights Pipeline. They entitle the holder to receive scheduled and fixed quarterly distributions until June 30, 2040 in priority to the holder of Class B Units, comprising a return on and of capital. The distributions represent the equity cash flows attributable to the core rate base pursuant to the terms of the current transportation service agreements for the Southern Lights Pipeline. The distributions are subject to certain risks, including shipper default, force majeure and regulatory risks.

The holder of the Class A Units has the right to extend the term of the investment beyond June 30, 2040 for two consecutive additional 10 year terms and the Fund has the right to participate in up to 100 percent of the equity returns from future capacity expansions, if any, on the Southern Lights Pipeline for a term of 30 years commencing on the in-service date of such expansion through the purchase of additional units.

Financing of the Transaction by the Fund

The Fund intends to finance the Transaction through a combination of debt and equity, as set out in the table below.

Fund Sources of Financing	
(millions of Canadian dollars)	
Fund trust units issued to the Company (13,860,000 units at $30.35 per unit)	$420.7
Preferred Units of ECT issued to Enbridge. (15,200,000 units at $30.35 per unit)	461.3
Loan from Enbridge	878.0
	$1,760.0

Equity financing is expected to be provided through the issuance of Fund trust units to the Company and preferred units of Enbridge Commercial Trust ("ECT") to Enbridge immediately prior to closing. All of the Fund trust units and the ECT preferred units will be issued at a price of $30.35 per unit. In addition, Enbridge has agreed to provide the Fund with an $878 million unsecured, subordinated 10 year loan at a fixed interest rate of 5.5 percent per annum. The loan may be prepaid at any time without penalty or bonus. It is anticipated that the Company will opportunistically access the capital markets to repay the loan after the closing of the transaction.

Financing of the Transaction by the Company

The Company will finance its subscription for Fund trust units through the issuance of $337 million of Subscription Receipts pursuant to a public offering and the issuance of $84 million of Common Shares to Enbridge on a private placement basis, which will enable Enbridge to maintain its 19.9 percent interest in the Company. The 2,760,000 Common Shares will be issued to Enbridge immediately prior to the closing of the Transaction at a price of $30.35 per Common Share.

Pursuant to a bought deal letter with Scotiabank, RBC Capital Markets and TD Securities Inc. on behalf of a syndicate of underwriters, the Company has agreed to sell an aggregate of 11,100,000 Subscription Receipts to Scotiabank, RBC Capital Markets and TD Securities Inc. on a bought deal basis at a price of $30.35 per Subscription Receipt for gross proceeds of $337 million (the “Offering”).

If the Transaction proceeds and upon satisfaction of certain escrow release conditions, immediately prior to closing of the Transaction, each holder of Subscription Receipts will automatically receive one Common Share for each Subscription Receipt held, without further action or additional consideration on the part of the holder together with an amount equal to any dividends paid to holders of the Common Shares pursuant to a record date occurring on or after the date of the closing of the Offering and the day immediately prior to the closing of the Transaction, net of any applicable withholding taxes. Any dividend declared but not yet paid on the day prior to closing of the Transaction will be paid to such Subscription Receipt holders at the time of the payment of such dividend to shareholders of the Company.

The proceeds from the sale of Subscription Receipts will be held by an escrow agent and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) until the earlier of the closing of the Transaction and January 31, 2015 (the “Termination Date”). If the closing of the Transaction does not occur on or before the Termination Date, or is terminated at any earlier time, the Subscription Receipts will be terminated and cancelled, and the full purchase price of the Subscription Receipts will be returned to holders of Subscription Receipts, together with their *pro rata* portion of any interest earned on thereon.

The Subscription Receipts will be offered in all of the provinces of Canada pursuant to a short form prospectus. Closing of the Offering is subject to certain conditions, including receipt of the approval of the Toronto Stock Exchange and all other necessary regulatory approvals.

Effect of the Transaction on Ownership of the Fund and Company

If the Transaction is completed, the Company’s holdings of Fund trust units will increase from 85.6 percent to 88.1 percent of the issued and outstanding Fund trust units and Enbridge’s holdings of Fund trust units will be reduced from 14.4 percent to 11.9 percent. Enbridge Inc. will continue to own all of the issued and outstanding ECT preferred units, which are convertible at any time and from time to time into Fund trust units on a 1:1 basis. If Enbridge were to convert all of its ECT preferred units, it would own 58 percent of the issued and outstanding Fund trust units. Enbridge’s economic interest in the Fund as a whole, represented by its direct ownership of Fund trust units and ECT preferred units, as well as its 19.9 percent interest of Common Shares, will be reduced from 67.3 percent to 66.4 percent.

Special Committee and Board Recommendation

A joint special committee of the independent trustees of ECT and the independent directors of the Company ("Special Committee") was formed to consider the Transaction and determine whether to proceed with the Transaction. The Special Committee retained independent technical, legal, tax and financial advisors, including Norton Rose Fulbright Canada LLP as legal counsel and BMO Nesbitt Burns Inc. ("BMO Capital Markets") as financial advisor. The Special Committee also retained independent engineers to conduct due diligence on the Southern Lights Pipeline and the U.S. segment of the Alliance Pipeline and an independent gas market consultant to provide its views on how North American gas market fundamentals may impact the Alliance Pipeline and the acquisition of the U.S. segment of Alliance Pipeline by the Fund.

BMO Capital Markets provided the Special Committee with an opinion (the "BMO Capital Markets Opinion"), which concluded that the consideration to be paid for the Assets pursuant to the Transaction is fair from a financial point of view to the Fund and the Company and the Company's shareholders, in each case other than Enbridge. Based on its evaluation and advice from its advisors, the Special Committee negotiated the terms of the Transaction with Enbridge, including the purchase price and recommended that the board of trustees of ECT ("ECT Board") approve the Transaction. The ECT Board (with trustees who are also directors or officers of Enbridge abstaining) considered the recommendation of the Special Committee, the BMO Capital Markets Opinion, and the advice of the independent advisors retained by the Special Committee and concluded that the Transaction is in the best interests of the Fund and ECT, and in the best interests and fair to each of the unitholders of the Fund and ECT, in each case other than Enbridge, and unanimously approved the Transaction.

The Board of Directors of the Company (the "Board") then considered the Company's participation in the Transaction, the Special Committee recommendation, the ECT Board approval and the BMO Capital Markets Opinion. The Board (with directors who are also directors or officers of Enbridge abstaining) unanimously concluded that the Transaction is in the best interests of the Company and is in the best interests of and fair to its shareholders, other than Enbridge, and unanimously approved the Transaction.

The Pipelines

Alliance Pipeline

The Alliance Pipeline commenced commercial operations in December 2000 and consists of approximately 3,000 km of integrated, high-pressure natural gas transmission pipeline, approximately 730 km of lateral pipelines located in western Canada and North Dakota and related infrastructure beginning in northeastern B.C. and northwestern Alberta and terminating in the Chicago area, where it connects to the Aux Sable NGL extraction plant. The Alliance Pipeline is uniquely positioned to respond to the production growth and the changing composition of natural gas in the Western Canadian Sedimentary Basin and the North Dakota Bakken region, where production is becoming increasingly rich in natural gas liquids. Information regarding the Alliance Pipeline, including the U.S. segment is contained in the Annual Information Form of Alliance Pipeline Limited Partnership dated May 1, 2014 and its other public filings, which are available at www.sedar.com.

Southern Lights Pipeline

The Southern Lights Pipeline is a fully contracted single stream pipeline that runs northerly from the Enbridge Manhattan Terminal, just south of Chicago, to the Enbridge Edmonton Terminal in western Canada. It has been in service since 2010 and can transport up to 180 kbpd of condensate which is primarily used by oil sands producers as a diluent to blend with raw bitumen production to facilitate pipeline export by decreasing the viscosity of the bitumen.

ABOUT ENBRIDGE INCOME FUND HOLDINGS INC.

Enbridge Income Fund Holdings Inc. is a publicly traded corporation. The Company, through its investment in the Fund, holds high quality, low risk energy infrastructure assets. The Fund's assets include interests in more than 500 megawatts of renewable and alternative power generation capacity, a portfolio of liquids transportation and storage businesses and a 50 percent interest in the Canadian segment of the Alliance Pipeline. Information about the Company is available at www.enbridgeincomefund.com.

FORWARD LOOKING INFORMATION

Certain information provided in this news release constitute forward-looking statements, and in particular, statements regarding the performance of the Fund following completion of the Transaction, the performance of the Assets and the benefits of the Transaction. Forward looking statements are typically identified by words such as "contemplate", "anticipate", "expect", "project", "estimate", "forecast" and similar words suggesting future outcomes or statements regarding an outlook. Although the Company believes that these statements are based on information and assumptions which are current, reasonable and complete, these statements and assumptions are necessarily subject to a variety of risks and uncertainties pertaining to the approval of the new Alliance Pipeline tolls and tariffs, ability to re-contract the Alliance Pipeline, operating performance, regulatory parameters, economic conditions and commodity prices. You can find a discussion of those risks and uncertainties in our Canadian securities filings. While the Company makes these forward-looking statements in good faith, should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, including with respect to expected earnings and associated per share amounts, or estimated future dividends, may vary significantly from those expected. Readers are cautioned against placing undue reliance on forward-looking statements. Except as may be required by applicable securities laws, the Company assumes no obligation to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

NON-GAAP MEASURES

This News Release contains references to the expected distributable cash flow and expected cash flow before interest to be generated by the Assets. Distributable cash flow represents the Fund's cash available to fund distributions on Fund Units and ECT Preferred Units as well as for debt repayments and reserves. This measure is important to shareholders as the Company's objective is to provide a predictable flow of dividends to shareholders and the Company's cash flows are derived from its investment in the Fund. Cash flow before interest is defined as cash distributions expected to be received from the Assets before interest expense. This measure has been described in this document to provide shareholders and potential investors with additional information regarding the expected contribution of the Assets to the Fund's operating results. Distributable cash flow and cash flow before interest expense are not measures that have standardized meanings prescribed by United States Generally Accepted Accounting Principles (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.

This press release shall not constitute an offer to sell, or the solicitation of an offer to buy, any securities in any jurisdiction. The Subscription Receipts being offered have not been and will not be registered under the *U.S. Securities Act of 1933* and state securities laws.

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